Protectionism

Import licence review extended to other firms

THE Trade and Industry Department's review of import licensing, after the three trials of a former licensing officer earlier this year, is nearing completion.

The review has extended beyond the three companies accused jointly with the former officer, Brian Pound, to include others mentioned in the trials.

Basic and special licence allocations are being scrutinised to ensure that none of the companies has gained an unfair advantage beyond the Government's policy guidelines.

Fraud squad and departmental investigations leading up to the prosecutions of three importers are understood to have involved 17 other firms.

In court, Trade and Industry officers were called on to name other companies which had received large increases in licence allocations in a short time, though not necessarily those subject to investigation.

They identified Norman Doo Ltd, J J Caldwell Ltd, B R Homersham Ltd, Marlowe Agencies the Meates group of companies, Healtheries NZ Ltd, Noel P Hunt & Co Ltd, companies of former National MP Ray La Varis and Meskimmings Industries Ltd.

Special licences which were the subject of the court cases involving the principals of Wong Kay Hing Ltd, Cathay Trading Ltd and James Grant Import Co Ltd were not renewed at the beginning of the 1979-80 licensing year.

Basic licences held by the three companies have since been cancelled "in the interests of equity" where these can be shown to be derived from special licences converted to basic, automatically renewable allocations.

To determine the "equity", Trade and Industry extended the review to companies involved in similar trades to determine the amount of special licence they received during for the same item codes over similar periods.

Trade and Industry has yet to detail the amount of licence suspended. In the recent court cases the validity of licences worth more than $300,000 were questioned, although the Crown subsequently acknowledged that not all were issued outside Government policy.

NBR understands that no new licences have been issued to disadvantaged importers to restore the balance, although that was one option considered by the department.

But Trade and Industry has been restricted in the action it can take against other importers being investigated for licensing breaches.

Customs, the enforcement agency, usually takes possession of the licences in question when prosecutions are pending.

But this does not prevent an importer from continuing to use the licence.

Trade and Industry may decide not to reissue non basic special licences valid only for a year but basic licences are automatically renewed whether or not the holders are subject to prosecution.

And even if a case is proven, basic licences may still not be revoked.

Trade and Industry takes the view that it cannot penalise a business by revoking a licence to which it is entitled.

It is understood "that as a matter of policy Trade and Industry is not in the business of limiting licences to companies because they play fast and loose with items".

Usually Customs, as the licensing police, keep Trade and Industry informed of prosecutions against errant importers, and the licences which it has taken possession of.

But *NBR* understands the Christchurch-based Meates group of companies, the subject of a long Customs investigation, and with a number of prosecutions pending, has not had any licences suspended.

Americans developing strategy to reduce service trade barriers

A NEW American Government advisory committee has begun to develop a strategy to look at international negotiations that will reduce barriers to world trade in communications, data processing, civil aviation, ocean shipping, and other services.

The Services Policy Advisory Committee — composed largely of chief executive officers of major service industries — will advise United States Trade Representative (USTR), Reubin Askew and other American officials on key issues that should be addressed in the negotiations, according to Geza Feketekuty, an assistant USTR.

Feketekuty told a congressional committee that a wide variety of barriers maintained by other countries "currently hamper the growth and economic vitality of American service exports."

Some of the barriers, he said are not deliberate, but the result of a variety of measures designed to achieve social, economic, cultural, and national security objectives".

Vincent D Travaglini, deputy assistant secretary of Commerce for Finance, Investment and Services, told the committee that a new industry committee on services — in addition to the USTR advisory body — would hold its meeting in Washington and would discuss technical and more detailed aspects of future negotiations relating to trade in services.

In a "basic step to spur international co-operation and attention to services issues," Travaglini said, the United States OECD to study barriers to trade in services and to identify common problems that various governments share in this area.

He said the OECD trade committee was concentrating on banking, insurance, marine transport, construction and engineering.

Feketekuty told the committee the recently concluded Tokyo round of multilateral trade negotiations reduced some barriers to international trade in services.

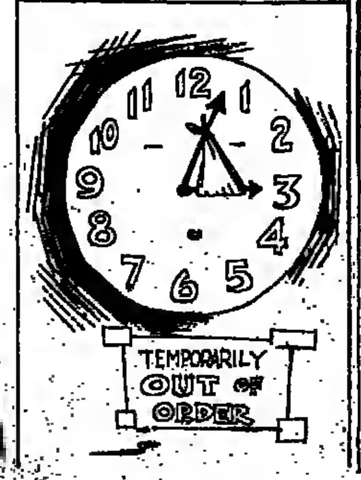
He said success in this area was limited because "the international groundwork, necessary for a comprehensive treatment of trade issues in services was not laid prior to the initiation of the Tokyo round".

Feketekuty assured the committee that "a major outcome" of the Tokyo round was "the commitment by our major trading partners to begin to lay the groundwork for future negotiations in services".

Feketekuty said the significance of services to the United States economy "is now being fully realised despite the fact that service industries currently employ ? per cent of non-agricultural employees and generate ? per cent of GNP".

He said United States service industries used two of the most abundant national resources of the American economy: specialised technology and advanced professional expertise, and for that reason "growth will naturally tend to increase in market opportunities".

He said a conservative estimate of American export earnings for services in 197? was 36,000 million. "A figure based on very sketchy data that quite likely considerably underestimates the true value of United States service exports."



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NEW ZEALAND'S NATIONAL WEEKLY OF BUSINESS, POLITICS AND ECONOMICS

NATIONAL BUSINESS REVIEW

Incorporating Admark

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Inside

Last-minute stall on talks over packing industry study

by Allan Parker

THE Government has ended up again with egg on its face over an industry studies programme which is fast becoming a public relations disaster.

The latest embarrassment centres on the Industries Development Commission report on the packing industry.

The report was mailed to interested parties — including groups and individual companies that made submissions to the IDC — by Trade and Industry Minister Lance Adams-Schneider on October 22.

A covering letter in the registered package summoned the parties to a meeting in the Minister's office tomorrow morning to discuss the report and its implications.

But because the 73-page report is so broad in its approach a number of the parties have objected to the short notice given to digest the recommendations and their implications, particularly as the Labour Weekend holiday cut still further into the time available.

In the face of these objections the Minister has been forced to send out a message cancelling tomorrow's meeting.

No new date has been set.

This new action is the latest in what has become a long-running farce surrounding the IDC and departmental probes into selected industries.

- First, a Trade and Industry view of the car industry was leaked to the press and forced the Government on to the back foot when unions and employers exploded with anger.
- Then a profile of the radio and television industry was leaked to the suburban *Upper Hutt Leader*.
- Further controversy arose with the political appointments of Eric Halstead and Bernie Lyons to the commission — appointments which damaged the hard-won credibility of the IDC and which are known to have upset some parties who are likely to present submissions to future hearings.
- And then finally, the report into the wine industry was made available to *NBR* before the Government had had a chance to officially publish it for public consumption.

The situation became so embarrassing to the Government that Adams-Schneider issued a "stop-it-or-else" warning.

"I hope that other recipients of industry reports will keep them confidential until such time as I authorise their public release. If this is not done then I shall have to seriously consider the extent to which reports can be released in the future to industry, before final decisions are taken by the Government," he said.

That threat prompted one observer to suggest the Government would release copies of the reports in advance only to companies or interested parties which the Government regarded as friendly.

The Minister's warning has obviously had some effect. Parties who have been sent copies of the packing study are extremely reluctant to discuss its contents.

One of the parties commented: "If it is leaked there's not going to be any suggestion that it came from here."

NBR does, however, understand that the report is extremely broad in its approach, partly because the industry itself is so diverse.

It incorporates plastics, paper and bottling interests and employs significant numbers of people.

We believe the most likely area of complaint about the report and its recommendations will come from the manufacturing section of the industry.

Further up the chain — in the distribution and retailing areas — any 'anti' reaction is likely to be specific rather than general.

We also believe the report carries no recommendations for immediate relaxation of import licence restrictions on products packed before import into New Zealand.

The first relaxations under the IDC proposal, would not begin until the middle of next year.

There is also thought to be some reference to an expansion of the import licence tendering scheme for the industry.

Some 13 parties made verbal submissions to the IDC during its hearings into the industry.

Another four parties made written submissions and the commission also received confidential submissions from nine of the 13 parties and the Customs and Trade and Industry departments.

CER sparks suspicion

by Allan Parker

THE much-vaunted concept of a closer economic relationship with Australia is in danger of foundering because of industry suspicions about the benefits to local companies.

As more individual companies and industry groups become aware of the issues, they are beginning to ask: "Why are we considering giving the Australians additional access when no benefits to local companies have yet been identified?

Among government department ranks there is a widening rift in attitudes to the CER concept. Treasury and Foreign Affairs officials remain firmly committed to the idea. But Trade and Industry — the department that has to work most closely with the private sector — is understood to be advocating, at least, a less-precipitate approach to CER.

Trade and Industry officials have been bearing the brunt of the increasing industry scepticism and criticism. They have contact with the manufacturing sector on a day-to-day basis and, although belatedly, are now heading the voiced fears of private enterprise.

One private sector source said: "If Trade and Industry were not there, there would have been little or no consultation with the private sector. Decisions would have been made by people who are not accountable for their judgement or the implementation of their decisions."

Among the fears emerging from company boardrooms is a feeling that CER will be railroaded through by officials anxious to follow the politicians' desires.

The countries' Prime Ministers are due to meet early next year and manufacturers are becoming anxious that the occasion will be used to announce a final plan for CER.

The nation's manufacturing engineers have become particularly wary. In a recent study report circulated to members of the Manufacturing Engineers' Federation and senior Government officials, they were told by their executive that the concept of a larger market — a key to political reasoning behind CER — was "an illusion".

The stance report commented: "For manufacturing engineers, the academic advantages of a combined larger market are illusory and evaporate in the face of practical knowledge of the industry, the market place and the investment and manufacturing environment."

It noted that, with a four to one population difference between the trans-Tasman neighbours, a 10 per cent production overrun by Australian companies — not a difficult target — would represent a 40 per cent share of the New Zealand market. If New Zealand companies were to capture 10 per cent of the Australian market, a 40 per cent increase in production would be required.

In the current economic

Continued on Page 16.

The week

The business week

APM Investments Pty Ltd sold its stake in **Fibre Products NZ Ltd** to **NZ Forest Products Ltd** and **UEB Industries Ltd.**

Auckland Gas Company Ltd: unaudited net profit for the six months to September 30 was $523,000 (last year $406,000). An interim dividend of six cents a share will be paid on November 11.

Bramblea Industries Ltd: unaudited profit for the year ended June 30 was $18,985,000 (last year $16,018,000).

Bunting and Co Ltd: unaudited group profit for the six months to August 31 was $78,884 (last year $70,400 loss). Results do not include profits from **T I Pollock and Son Pty Ltd** nor for a 51 per cent share of **Bunting and Co Fiji Ltd** both of which are to be sold.

Carbonic Ice Ltd: unaudited profit for the year ended August 31 was $286,157 (last year $264,795). A final dividend of 10 cents is payable on December 5.

Christchurch Gas Coal & Coke Co Ltd: unaudited profit for the six months to September 30 was $363,210 (last year $178,974). An interim dividend of seven cents a share is payable on November 28.

Colonial Motor Company Ltd: group trading profit for the year to May 31 was $2,554,000. A final dividend of 12 cents a share is recommended, payable on December 5.

Dunlop New Zealand Ltd will apply to the high court to cancel all 4½ per cent cumulative preference shares, repaying holders 60 cents a share on March 31 1981.

Ebbett Waikato Ltd will pay a final ordinary dividend of 7.5 cents on November 27 from share premium reserve.

Humes Ltd will make a one for 10 bonus issue to ordinary shareholders.

Independent Newspapers Ltd is to lease its subsidiary **Concept Video (NZ)** Ltd to **Video Workshop Ltd,** Auckland.

McAlpine Prestcold Ltd: unaudited loss for the year ended July 31 was $296,000 (last year $570,000 profit). Dividends are expected to resume in 1981.

National Consolidated Ltd is to make a one for five ordinary share issue at $1.25 to raise $10 million additional working capital.

Minority shareholders of **New Zealand Motor Bodies Ltd** are nominating their own director, Mr D G Lawson to stand against the favoured candidate Mr P J Sukolski. Sir Clifford Plimmer is creating the vacancy by retiring.

Radio Avon Ltd: unaudited tax profit for the six months to September 30 was $63,000 (last year $119,500). An interim dividend of five cents — 20 per cent — will be paid on November 20.

Southern Grain Spirits NZ Ltd of Rangiora has been granted a licence to distill gin and vodka.

United Building Society of Christchurch: unaudited profit for the six months to September 30 was $17,112 (last year $17,581).

Welgas Holdings Ltd: unaudited profit for six months ended September 30 was $260,000, (last year, six months to June 30 $121,000). An interim dividend of five cents a share is payable on November 5.

Economic indicators

BUILDING permits issued in September dropped an estimated 0.9 per cent on September 1979 to 1332.

A TOTAL of 490 new companies, including two overseas companies, were registered in September (464 in September last year). Receivers were appointed to 27 companies and 12 ceased to act (26 and nine respectively last year). A total of 38 companies were subjects of court orders to wind up; 33 went into voluntary liquidation (45 and 35 respectively).

Exchange rates

AS at October 30 NZ $1 sells for:

Britain	.3999
United States	.9732
Canada	1.1445
Australia	.8332
Fiji	.7659
Austria	12.91
Belgium	29.26
China	1.4441
Denmark	5.6275
France	4.2036
Greece	42.22
Hong Kong	4.9056
India	7.4430
Italy	864.56
Japan	202.54
Malaysia	2.0793
Netherlands	1.9746
New Caledonia and Tahiti	76.63
Norway	4.8016
Pakistan	9.5373
Portugal	49.66
Singapore	2.0163
South Africa	.7276
Spain	72.70
Sweden	4.0903
Switzerland	1.6424
West Germany	1.8265
Western Samoa	.8853

The week ahead

TUESDAY: US Presidential election.

FRIDAY: Rothmans annual general meeting in Napier. Skellerup Industries annual general meeting in Christchurch.

US Govt clips eartag exporter

THE United States Commerce Department has ruled that countervailing duties of 6.7 per cent should be imposed on Palmerston North-based **Delta Plastic Ltd's** imported animal eartags to offset the export incentives it receives.

BUSINESSMEN expect unemployment to get worse, profits to decline and investment to slump in the next six months according to the Institute of Economic Research's September survey.

DEVALUATION and a stronger pound sterling sent the New Zealand dollar to a post war low of $2.50 to the pound.

THE Marginal Lands Board inquiry adjourned sine die after its assisting counsel had stated there was clear impropriety, more so by Agriculture Minister Duncan MacIntyre than Lands Minister Venn Young.

IN Auckland the Arthur Allan Thomas inquiry resumed after a day hearing evidence from a British Government ballistics expert who said the Ayres rifle could not have fired the bullets that killed the Crewes.

PETROCORP'S McKee No. 1 demonstrated its commercial viability delivering up to 1500 barrels of condensate and 25,000 cubic metres of gas. 1500 barrels of oil were sent to Marsden Point for refining.

MORE redundancies were declared in the meat and textile industries. Bing Harris Sargood Ltd dismissed 50 in Auckland and said others would go in Wellington and Christchurch. Loss-making meat giant Borthwicks axed 50 in its Wellington head office and at Feilding, and indicated others might follow once the killing season is over.

MEANWHILE the Prime Minister appeared to be making an agreement with the Workers Union secretary Kennedy to reopen the Alfco works at Southdown thereby averting a national load out ban.

IRAQ isolated Iranian Khorramshahr and moved toward the oil refining centre Abadan.

PRIME Minister Muldoon made a 10 minute radio and television broadcast to explain the Government's policies on employment and the repeal of the Remuneration Act.

LABOUR unveiled its employment policy axing the dole and guaranteeing all school leavers training and jobs for five years. In the pre-campaign election build up National's slogan will be "think big".

RAILWAYS have submitted proposals to Treasury for a ferry, code-named Ara 5, to replace the Aramoana in 1985.

WEARING his Minister of Finance hat, Rob Muldoon will open the election lolly bag for a pre-Christmas mini budget. Income tax cuts, money for roads, irrigation schemes and other projects delayed by earlier spending cuts are being forecase.

Another McSkimmings executive dumped

CERAMCO Ltd — new owners of Dunedin-based ceramics and sanitaryware company McSkimming Industries Ltd — has wasted little time in flushing out key executives to make way for a "more positive" programme for the company's future.

Hours after the takeover, McSkimming general manager Ron Guthrie was given his marching orders.

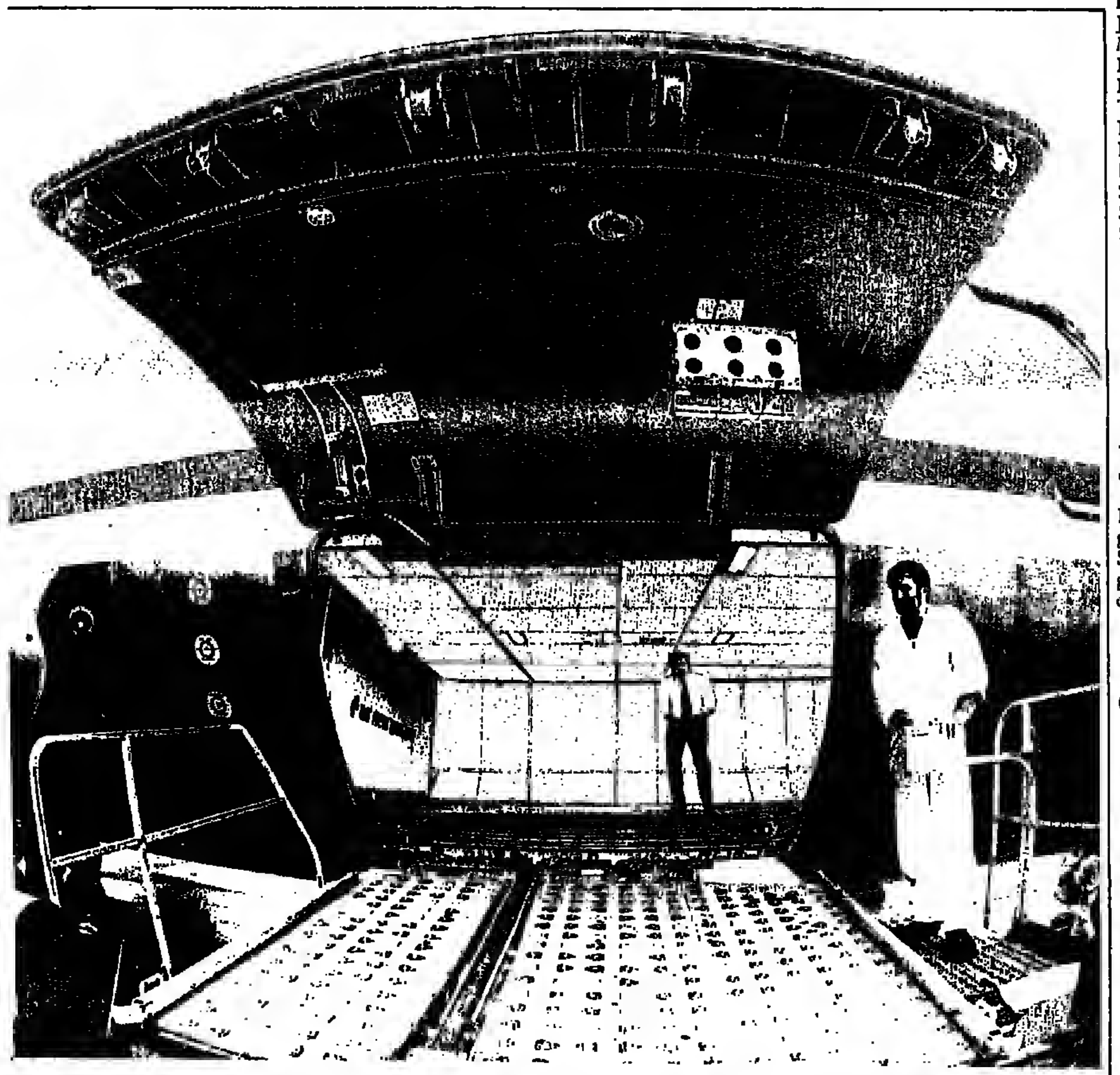
NBR understands the marketing manager — a friend of Guthrie's — was given a similar message a few days later.

Asked to confirm this, new general manager Kit Alexander said he had no comment to make.

But he said Ceramco intended to "make the place go ahead".

The company was already working hard toward this end he said, and so far the programme was proceeding positively.

Staged over two years, the programme development would involve updating equipment, new techniques, products, and an aggressive marketing campaign, he said.



The week

Midland carries big passenger in Marac drive

THE company which has given the country (and the South Pacific) the "Love Hertz" slogan is certain to spend time this week persuading its shareholders that finance house Marac Holdings Ltd is also lovable.

Midland, the Christchurch-based transport and tourist company, has moved closer to Marac in recent weeks in a manoeuvre which happened to coincide with market activity generated by Aucklander Colin Giltrap's bid to secure a sizeable stake in Midland.

Midland appeared to have evaded the Auckland motoring tycoon, whose car selling outlets in the north are highly regarded as revenue centres, when it bought 20 per cent in Bunting and Co Ltd by outlaying 400,000 Midland shares to financier H W Smith Ltd, a private Christchurch company.

That deal diluted Giltrap's 24.9 per cent stake in Midland, which had been partly created by the crossing over of the large parcel of Midland shares held by the Government Life Commissioner. The immediate reaction was Giltrap's accelerated level of activity to accumulate Midland shares.

It appeared to Giltrap that the Bunting deal was intended to aid his target to escape but to Midland directors it was simply a useful means of improving their Australian marketing position, that had been coming together anyway.

Within days, Bunting was to announce the sale of the 75 per cent owned Australian brushmaker T Pollock and Sons Pty for a consideration which is likely to give Bunting (and thus Midland) access to some ready cash across the Tasman.

Anxious to enhance his hopes of acting as a consultant to Midland, specially in the key area of used cars and new model selection for the Hertz rental car franchise which Midland holds, Giltrap is believed to have continued to acquire Midland shares through his agents Anglo-Nominees Ltd.

NBR learnt that at the latest (and so far the only) meeting between Midland directors and Giltrap, the atmosphere — by contrast to the earlier Bunting situation — was quite amicable. The new Marac purchase of a 50 per cent stake in the Hertz franchisee Tasman Rental Cars was discussed.

Giltrap apparently agrees with Midland directors that the restructuring of Tasman Rental Cars, its subsidiary, will maximise the considerable growth prospects for Hertz rental operations and thus benefit Midland shareholders.

The restructuring will result in the release of more than $4 million for additional planned profitable investment for Midland Coachlines Ltd. This cash which arose out of the financing of new Hertz vehicles will now be passed to Marac.

The capital of Tasman Rentals will be increased from the present $30,000 to $1.5 million with Marac subscribing for $750,000. The remaining half of the equity capital will be held by Midland.

In addition to its equity capital, Marac is to provide funds for future development in the area of additional short and long term hire referral using its big network of money shops as a back-up to Hertz offices.

Hertz has been a successful segment of Midland for the past few years — since the 1977 merger of Tasman and Hertz under the latter's banner.

It is a huge operation. It has a summer strength of more than 2000 cars and a fleet price tag of around $10 million. It is obviously appealing to Giltrap.

The re-equipping of the fleet in spring and summer will now be financed by Marac, leaving Midland with about $4 million in available cash for other activities.

But the greatest merit in the manoeuvre may yet be in the new field of long term hire with the possibility of luring back the business lost in equipping corporate fleets for major companies. It was turned away by the heavy cash flow inhibitions of conventional car leasing.

Under the credit sales stabilisation regulations car leasing requires the payment of advance rentals when taking out a car lease. In the case of large fleets this has mitigated against leasing.

The opportunity for long term "operational" hire without payment of this punitive advance payment should help to place car usage on the same basis as television rentals, without cash flow problems, or ultimate ownership of the unit.

It is these growth opportunities which should absorb Midland shareholders at this week's annual meeting.

Among their number in the company's register is the large Giltrap holding, estimated as anywhere from 28 per cent to 40 per cent of the capital.

Pacific Metals plans to shred through wrecks

ASSURED of significant supplies of ferrous scrap at a price to enable the steel industry to be internationally competitive, Pacific Metals Industries Ltd last week announced firm plans for a car shredding scheme.

On a conservative estimate, the shredder is expected to provide some 15,000 tonnes of extra scrap metal.

The shredding proposal had been approved initially by the Government last year, but Pacific Metals hinted earlier this year — during Government investigations into a possible lifting of the 20-year-old embargo on the export of scrap metal — that the $3.4 million venture would be scrapped along with other expansion plans

Government recently confirmed the embargo would remain and the company has decided to proceed with the scheme.

In a joint statement Trade and Industry Minister Lance Adams-Schneider and Pacific Metals manager John Williams, have asked local authorities, car wreckers, backyard mechanics, and others dealing with used cars to reserve their old vehicles for recycling purposes.

Local authorities in particular could begin stockpiling cars, washing machines, refrigerators and other ferrous objects at landfill sites, they said.

Pacific Metals has already negotiated the supply of plant to break down the stripped car bodies. A mobile flattener to crush the cars into manageable sizes is due in the country before year's end and should be on the road around the country early next year.

The machine will work on cars stockpiled at landfills and rail sidings handy for railing to the company's base in Otahuhu, Auckland, where the shredding machine will be operating by the middle of 1981.

Adams-Schneider said the scheme would reduce the need to import overseas scrap for local manufacturing industries. Moreover, the landscape would finally be cleaned up of the unsightly piles of car bodies

The Week

Inducements expected from terminating societies

by Gordon McLauchlan

TERMINATING building societies are expected to offer financial inducements to existing shareholders to switch to the new type of investments permitted under the legislation before Parliament.

The Bill gives shareholders the option of staying in the present groups, which have different total life-spans of 20 or more years.

But with no new groups being sold, some shares being sealed off from continuing contributions, and with other shareholders choosing to opt out into the new groups, those shares remaining in long-term terminating groups would become increasingly costly to service.

The kind of incentive offered to change over will vary between societies with the bigger organisations probably able to make the most attractive offers.

The form of inducement to change will probably be in share issues. For a certain number of shares held in the present long-term groups, an additional share will be issued to those prepared to make the change to the new groups.

Sources within the industry say the competition among societies will become more intense under the proposed legislation. They will all operate the same broad range of services but with the amount of money allowed within balloting groups strictly limited to 2 per cent of distributable funds or 20 per cent of total funds.

Ballot groups under the new system will operate similarly to finance company or bank term deposits. A shareholder will, say, make money available for three years, with a guaranteed interest rate of 8 per cent. As soon as the investment is made, the holder would be eligible for ballots which would return a lot less than under the old system. The return might be only double the investment and the winnings would be taxed — unlike the draw from the present ballots which has been regarded as a capital gain. The building societies are fighting to retain the investment attraction of non-taxable capital gain status for money won in ballots and the attraction of guaranteed interest over a relatively short term with the chance of a windfall through ballots.

In the more competitive atmosphere expected to prevail, the investment term for the new ballot groups will probably vary from on-call to five years. Where investments are available on call, a sharply reduced rate of interest would apply for premature retrieval of money. But while the investment is there, the shares would be eligible for all ballots.

One industry source said there is growing interest in the kind of competitive stance the various companies take. Some are expected to emphasise the interest rates available, and others the likelihood of ballot wins of various amounts. The added competition is expected to attract more funds overall to the societies and this will suit the Government's policy of directing more housing finance to private sources.

One, little publicised, section of the bill will attract investor interest — the establishment of a guarantee corporation which will act as a kind of fidelity fund. The investments in each member society of the corporation will be guaranteed by all the other members.

Copying firm suspicious of Rank Xerox delivery delay

THE Auckland reprographic firm of Neville Newcomb Ltd claims that copy-machine giant, Rank Xerox, is competing unfairly by not making up-to-date machinery available. It does install the machines in its own public copy centres.

The Auckland firm has approached the Examiner of Trade Practices.

Neville Newcomb believes it has been disqualified from expanding its business because Xerox has not released colour-copiers that it has had in its own centres, for more than a year.

According to managing-director Mark Newcomb, the company now fears that the multinational is going to stall on delivery of a machine it proposes to use itself, to cut into Newcomb's long-established specialist work of copying engineering and other plans and other specifications.

The big new copier, a 2080, has been imported by Rank Xerox for an exhibition and will then be installed for a plan-copying service available to the public.

The machine can enlarge to a greater proportion and with better quality than earlier machines currently used by Newcombs. It is also able to reduce as well as enlarge.

Newcomb claims that Xerox is setting up in a new branch of the copying business and denying a long-standing client the right to compete with the best equipment available.

Xerox has said it will be "in a position in early November to enter into sales discussions with potential customers" and that Newcomb "will be given due priority in the purchase and installation of this equipment".

Xerox expects to have the 2080 installed and operating for copying service by the middle of November.

Xerox marketing manager John Denton told *NBR* that two of the 2080 machines will be brought in, one for Auckland and one for Wellington. The company will sell from those machines.

Delivery date from the time of order is likely to be "six or eight weeks".

"Once the machines are on display we'll be happy to take any order going," Denton said. But he agreed that the machine will be used for a plan copying service in Auckland, a new branch of the business for his firm.

Mark Newcomb says his company has spent years building up a specialist business but will apparently not even get the opportunity to start discussions about the detailed performance of the new machine or the financial arrangements until after Xerox has started building up its new service with the superior machine.

Newcomb says he has approached the Examiner of Trade Practices and has started preparing a written case because he fears Xerox will stall on delivery of the machine, repeating its action with the colour-copier.

John Denton said the colour copier is difficult to maintain. He felt that private copying centres would be unable to afford the maintenance servicing costs. Only 10 had been allocated for use in this country and had been distributed through Xerox copy centres.

He said each centre kept two machines, one as a back up, because of the maintenance problems. He also said they were now out of production.

Neville Newcomb has been in business in Auckland for 32 years.

In 1964 it became the first in New Zealand to install a Xerox machine for copy services.

All but one of its machines have either been bought or hired from the Rank Xerox organisation. Shingle over the door of the Shortland Street premises says it is a "Xerox" copy centre.

About two years ago, Xerox decided to set up its own copy centres, in response to public demand after the display of machines in showrooms.

Newcomb says the company does not mind competition on condition it is allowed to compete on equal terms.

"We give better service and our price is generally better than theirs, but now we're being denied the chance to compete," he claims. That, he says, is why he has decided to make the approach to the Examiner of Trade Practices.

Comment

Editorial

OUR trading relationship with the Americans was dealt a blow last week by the United States Commerce Department. It ruled that the export tax incentives which apply to New Zealand-made ear-tags sold there amount to an unfair subsidy under American law.

That decision — the first in a complex administrative and legal process — bodes ill for our export incentives scheme and has far-sweeping implications for all manufactured goods we export to the United States. A final verdict can be expected by mid-1981, but no doubt officials in this country will have taken a long, hard look at export incentives long before then.

We certainly cannot expect developments to be affected by the results of this week's Presidential elections. Prime Minister Rob Muldoon therefore must have had other considerations in mind when — according to American press reports — he indicated his preference in the presidential race. He said he would not be "distressed" if Republican Ronald Reagan won the election, thus signalling support for the Republican challenger to President Carter (the man Muldoon once described as "a peanut farmer from Geogia"). Muldoon was critical of American foreign policy, accusing Carter of wooing the Jewish vote and complaining that he had moved away from the New Zealand position on our relationship with the Arab world. New Zealand had maintained a close relationship with Iran for trading reasons — "our foreign policy is based on trade" — and we had found some aspects of American policy "incompatible with ours", he said.

But if our foreign policy is concerned only with trade, the benefits for New Zealand to stem from a Reagan victory are not easily perceived. The problem for New Zealand in the United States is the continual farming lobby pressures on the Administration for protection against primary imports. The Carter Administration generally has been liberal in its approach to trade matters but has been showing some signs of succumbing to those pressures. Reagan's attitude is unclear (although he did give support to farmers on the controversial grain embargo which Carter imposed to censure the Soviet Union after its invasion of Afghanistan). As Governor of California, Reagan had no links with farmers and is likely to treat protectionist demands sympathetically only if he feels indebted to farm lobbyists for his election.

More significantly, there has been an increasing support for trade barriers from Congress. Congress plays an influential role in determining trade protection policies and the composition of the new Congress will be an important factor.

The differences between Carter and Reagan are more obvious in their stances on defence policy. The Republicans are more interested than the Democrats in expanding America's presence in the Far East and Pacific. (And Californians naturally tend to be Pacific oriented).

Thus a Reagan Administration is likely to be concerned to increase American military involvement in the Pacific. One consequence could be greater pressure on New Zealand to increase its military spending, to adopt a more active anti-Soviet military posture, and certainly to expand its Anzus commitments.

The United States has displaced Britain to become our major export market. But while New Zealand sees the relationship with the United States as a trading one, from the United States' perspective it is seen more in strategic terms.

One way to foster loyalty is to emphasise the degree to which the Administration is holding down the protectionist forces hostile to our trading interests, to guarantee access for our beef, to fix quotas and prices that keep us satisfied.

The intertwining of trade with military policy must increase no matter who is President of the United States or Prime Minister of New Zealand. Significantly, Ambassador Frank Gill is said to be maintaining good contacts with military and intelligence officials in Washington, cementing our defence links while leaving the details on other matters to a highly competent staff of career diplomats. The Americans are therefore happy with Gill and particularly recognise his closeness to Muldoon. But Reagan is more likely than Carter to insist that a Labour Government's Anzus policies are consistent with what he perceives to be America's best interests. He could effectively use the trade weapon to ensure that a Rowling Government did not soften this country's defence policies or resuscitate nuclear-free-zone concepts. That has implications for New Zealand in terms of protest movements of the sort which flourished during the Vietnam War and which less spectacularly has expressed hostility toward visits from American nuclear warships. State Department efforts have largely succeeded in calming the waters, but a belligerent Reagan must create waves.

New Zealand normally doesn't rank too highly among American foreign affairs considerations and the level at which Reagan would promote his own advisers to top jobs within his Administration is one step removed from the level of career officials who normally deal with New Zealand — United States relations. In the short term, at least, there is little to suggest there will be any great change of policy direction and it will be business as usual whoever wins. But Reagan's political appointees will be in a position to direct the work of subordinates and change in the longer term seems inevitable if he wins.

Reagan demonstrated during his governorship of California a strong tendency to delegate authority and rubber-stamp the work of his advisers. Thus the concern should not be Reagan's attitude, but that of his politically appointed officials. He is aware of his limitation in the foreign affairs area, which will reinforce the tendency to rely on others.

Edward Luttwak — an extreme hawk — is Reagan's strategic adviser and has been behind the challenger's opposition to the SALT talks. George Allen, Reagan's national security adviser (who may be appointed to a State Department under-secretary or assistant secretary or given a CIA posting) previously served on the National Security Council. Henry Kissinger found him too right wing and pushed him out.

A greater worry must be the indirect consequences of American defence policy, and the prospect of precipitate action into which New Zealand is drawn (as it was drawn into the Vietnam conflict in the 1960s).

Three of New Zealand's four biggest markets — the United States, Japan and Australia — are in the Pacific Basin. New Zealand trade is thus becoming increasingly concentrated in the region to which a Reagan administration is likely to be oriented from the military perspective. Muldoon and Reagan may find the relationship a cosy one but Rowling has every cause to be anxious about the outcome of tomorrow's election.

Bob Edlin

Without word of a lie

Trade unionist becomes after-dinner quipster

TRADE unionists are not normally noted for their ability to sprinkle after-dinner speeches with amusing but acidic throw-away thoughts.

We are pleased, therefore, to report the efforts of leading union official Rob Campbell to a Wellington service clubs dinner recently.

Firstly, talking about the publication of *Years of Lightning* — the book by National Party president George Chapman: "Chapman, of course, is simply the latest to recognise that writing about yourself is the only really reliable investment, sauna parlours aside, in the current economic climate. The absurd penchant of New Zealand personalities for writing books about their own most mediocre achievements now infects even trade unionists and politicians."

And a little further on in his speech: ". . . we have New Zealand's only really successful political party — the Values Party. Their calls in the early 1970s for nil population growth and nil economic growth have been over-achieved — a record no other political party can claim."

The national interest inspires publishers

PATRIOTISM is enjoying a current vogue in the publishing business, it seems. Within a week of each other, two new publications will become available with remarkably similar and potentially confusing titles.

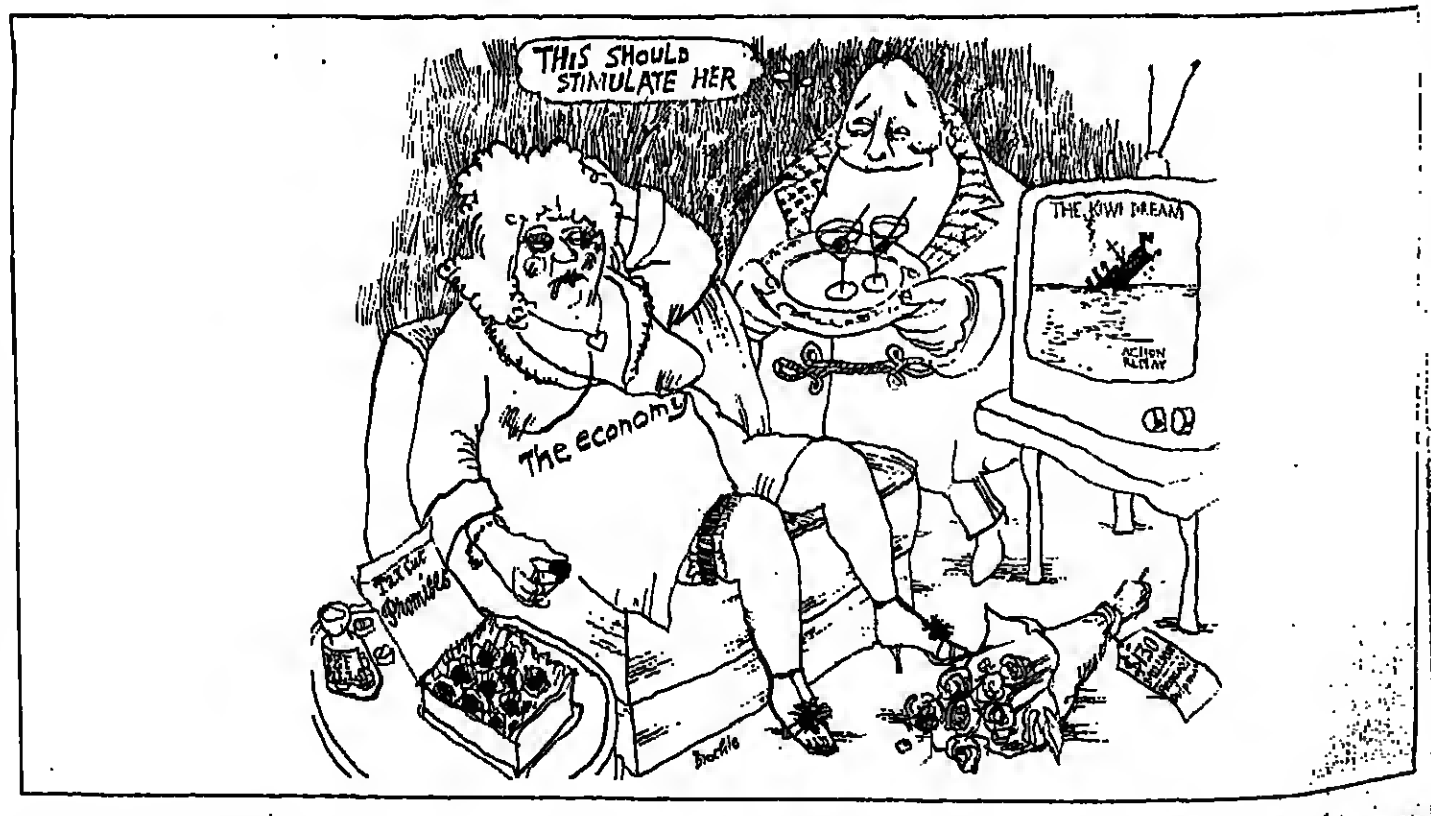
The first to run off the presses has been the Labour Party's new flag-waving magazine for party members. It's called *The New Nation*, following on from its predecessor, *The Nation*.

But later this week, news-stands will be carrying the first issue of the Phil Harkness (*Fiji Sun* part-owner) brainchild, the weekly current affairs-oriented *The Nation*.

Both groups are unworried by the similarity in names. The Labour Party believes its title is an obvious follow-on from its earlier publishing efforts.

And Harkness said he would be "very surprised" if there's too much confusion. "It's unfortunate," he says. But both will live with the situation. Certainly he sees no legal confrontation.

Brockie's view



One of *Jane's* fighters considers Labour job

THE Labour Party is no doubt keen to put some gloss on a somewhat dull image with the appointment of a new publicity director. And we understand that one of those on the short list for the job is none other than former TV reporter Simon Wilson, who dramatically went to war on screen with National's Rob Muldoon armed only with *Jane's Fighting Ships* just a few years back.

It is hardly surprising that the identities of applicants is being kept a closely guarded secret of course, but in private conversation, we hear that Walker has not denied *his* interest in taking on the job.

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Comment

Planning Council changes on income maintenance

by Avery Jack

THE New Zealand Planning Council, in its recent document *Employment: towards an active employment policy*, has recommended a change in the name of the unemployment benefit to a "job search allowance" and a reduction in the rate at which it is paid.

This recommendation indicates a move to the right in the Planning Council's position on income maintenance.

The Planning Council, 1980, makes no reference to its own 1979 recommendations on income maintenance contained in its publication *The Welfare State? Social Policy in the 1980s*. Presumably this is because the two positions cannot be reconciled.

In 1979, the Planning Council affirmed its support of the Royal Commission on Social Security and agreed that the community is responsible for supporting its dependent members to a standard enjoyed by the rest of the community.

The Planning Council then recommended that there should be a standard rate of benefit, varied only according to size of household or specific needs. The belief was expressed that no distinction should be made in the rate of benefit "among those who face unexpected misfortune, for whatever cause, whether it be sickness, accident or unemployment".

It was stated that "the involuntarily unemployed are no more responsible for their unemployment than the sick are for their incapacity; this has long been recognised by our social security system which has treated the two groups similarly".

But in 1980 the Planning Council states, in relation to the renamed unemployment benefit: "The job search allowance, designed primarily as short-term income support, need not, in the council's view, be particularly generous."

What has changed in the last year? Why is the Planning Council no longer concerned either with equity between classes of income maintenance beneficiaries, or with income maintenance being paid at a level which allows beneficiaries to "belong and participate in the community"? Why does the Planning Council now consider that it is appropriate to pay income maintenance in the short term at a lower rate than long term benefits when in 1979 their position was just the opposite?

It is naive of the Planning Council to think that unemployed people can live adequately on an even lower income than the current unemployment benefit. Already benefits paid to sick people without dependants, who are also only in need of short-term support, are higher than those paid to unemployed people who have no dependents.

It could be argued that those receiving a job search allowance would require higher incomes if they were to engage in "serious job search", being neatly dressed and travelling to prospective employment.

It is questionable how short-term the proposed 10 weeks is to a worker who has high commitments, such as for housing, and who has little in the way of cash resources. Unless there is a dramatic and rapid increase in the number of training schemes and jobs created, the period for which the job search allowance would be paid would considerably exceed 10 weeks.

Even in 1979, when unemployment was somewhat less serious, the average time on unemployment benefit was nearly 15 weeks. With more than 42,000 registered unemployed at the beginning of October, the Planning Council's proposals have an aura of unrealism.

Search as hard as they may, this number of unemployed are not going to find themselves jobs. In fact the Planning Council itself acknowledges that elsewhere in their report when they recommend no financial encouragement for re-entrants to the work force (presumably married women). They say it is "unrealistic, indeed damaging, to encourage people to engage in what may well be a fruitless job search, not only because aggregate employment opportunities are not there but because the position is particularly serious in individual districts and smaller population centres".

Speculation leads to three possible explanations for the Planning Council's recommendations to reduce the level of income maintenance paid to the unemployed, but none is compelling.

Perhaps the council thinks that the level of unemployment benefit is unnecessarily high. But the relationship between wages and income maintenance rates was established by the Royal Commission on Social Security in 1972 and has been accepted by successive governments since then, and by the Planning Council in 1979. Rather than the rates being considered generous they have been considered the minimum necessary to maintain an adequate standard of living.

A second possible explanation is that the Planning Council sees a reduction in income maintenance for the unemployed as a way of containing public expenditure. It does not give any justification for this burden being borne by the unemployed, rather than by the sick or the widowed or any other group of income maintenance beneficiaries.

Last year the Planning Council suggested that if it was desired to reduce government expenditure on income maintenance the most appropriate area for reduction was national superannuation.

A third explanation could be that the Planning Council believes that the unemployed should suffer financial penalty for their unemployment and that without this they will have no incentive to get back to work.

This attitude flies in the face of the realities of the current employment position. It also, by failing to set unemployment in its national economic context, leads to the implication that unemployed persons are themselves responsible for their unemployment.

This was the philosophy of the English Poor Laws from which many of our ancestors sought to escape by coming to New Zealand a century ago.

If none of these is the correct explanation, it is encumbent on the Planning Council to set out clearly the reasons for its apparent change in philosophy in relation to income maintenance provisions.

Avary Jack is senior lecturer in social administration at Victoria University of Wellington

We must make — not take — markets

by Lindsay Rollo

SINCE the Government's offset purchase policy was initiated 18 months ago, most effort has been directed towards defence or airline offsets.

There are undoubted benefits in introducing new or higher levels of technology into New Zealand industry, (some of the benefits were detailed in Donna M Quirke's item in *NBR* October 13), but care must be taken to ensure there is a continuing commercial market need for the new skills.

While these skills may be used for repair and maintenance, our sporadic defence and airline purchase pattern provides no real commercial base for their use in component supply, except in the world market.

Competition here can be vigorous, subject to fluctuating demands, and influenced by larger country strategic considerations which do not apply here. We are often sub-contractors working to drawings and specifications supplied by the client.

Without indigenous design input, we are takers of markets, not makers of markets. Sales costs are high and need specialist engineering sales teams that must be gainfully employed between sub contract sales opportunities.

This knock-for-knock offset concept can lead to hothouse projects being developed just to comply with the purchase policy.

But locally generated market demands are also a route to higher technology, improved quality assurance regimes, new product ranges, export sales, and all the other benefits claimed for the offset programme.

Take the research results achieved by the Meat Research Institute of New Zealand (MIRINZ) at Hamilton. This industry Government-funded research association has embarked on a deliberate policy of seeking out local engineering companies to develop and market equipment or process plant developed by MIRINZ research programmes.

Local practical experience, design skills and familiarity with client requirements have provided a proven market opportunity within New Zealand servicing export meatworks and export sales in Australia.

MIRINZ and the manufacturers accept the technology level implied by the improved product or process need.

The Dairy Board has published investment data disclosing a planned shift from butter to whey products requiring about $125 million expenditure over the next 10 years.

Surely an offset purchase policy should be able to encompass the transfer to, and the consolidation within New Zealand of at least part of the design and manufacturing requirements for the plant and equipment needed as part of this expansion of our industrial infrastructure.

There are significant volumes of new horticultural crops and fruits coming to maturity for which we will need assistance with processing procedures and advice on marketing outlets and arrangements.

Farming, forest industries, the textile development plan, the energy programme, and the new initiatives that will inevitably flow from the industry study programme will all provide opportunities where offset purchasing procedures can benefit New Zealand.

Progress so far with the new policy is impressive. But it's early days.

While directly related offset deals offer simplicity, there may be much greater longer term national benefits from indirect or third party deals.

Acquiring the design and manufacturing skills in a fully commercial environment seeks a worthwhile objective as a basis for more jobs and new skills in this country, more exports and more import substitution, and more gross national product.

Linday Rollo is assistant director (trade groups) of the Manufacturers' Federation.

Letters

Merit points for debaters

THOSE who have been following the debate on the second aluminium smelter have been left in little doubt as to the relative merits of the Professor van Moeseke and Murray Ellis' publicly available economic analyses and Kerry Mcdonald's "for Comalco's eyes only" analysis.

Mr McDonald's apologies for Comalco and aluminium smelters are not, however, new. I was interested to discover the transcript of a 1975 Checkpoint programme broadcast at the time the question of renegotiating Comalco's power price contract was beginning to be publicly aired. Mr McDonald, asked by the announcer what form he thought the renegotiations should take, replied:

". . . The Manapouri power scheme is now incapable of fulfilling what is required of it in the existing contract . . . . there will have to be some renegotiation and some sort of redress to Comalco to compensate for this shortfall."

It is quite clear where Mr McDonald's sympathies lie and it comes as no surprise to me that, on the basis of secret figures, he has come to the conclusions he has.

Richard Thomson
Spokesperson
Save Aramoana campaign

Incorporating takes time

WE would ask that you correct the misinformation in the article written by Mary Varnham entitled "McLay called in to referee incorporated name game" (*NBR* September 22). It states: "Application for registration of the NZWWC came as a result of a meeting called in Dunedin on July 17 to form a branch of the original council".

This is not correct. The meeting called to form a branch of the Working Women's Council Unincorporated was held on July 29.

Vernity's explanation to Varnham that they "had no reason to think the people applying for the name were not the same group who had been using it for five years" is quite acceptable as the wide press coverage you speak of did not occur until after the meeting on July 29, not July 17 as the *NBR* reporter keeps insisting.

She goes on to say: "Certainly little time appears to have been spent checking the application. It was approved on July 18 just one day after it had been submitted to the Dunedin office".

This is not correct. Surely your reporter would know that in obtaining a name for incorporation the first step is in applying for the right to use the name. If this is granted the organisation has the opportunity to present for acceptance and sealing by the Justice Department the aims and constitution of the organisation.

All of these legal requirements take some time and can not be done in one day as your reporter insinuates.

Please correct this misrepresentation of facts, the knowledge of which is available to all and should be checked by any reporter who wishes to have correctly researched articles in print.

Phyllis O'Brien
President
Patricia Perkins
Secretary
New Zealand Working Women's Council Incorporated.

Kidnapping conscience

YOUR October 6 issue carried the information that Chile's Ambassador to New Zealand had denied that his country's secret police had tortured a young Anglo-Chilean woman.

Prisoner of Conscience Week 1980 highlights the different faces of imprisonment, one of which is *"los desaparecidos"* practised by the governments of a number of South American countries.

All a government requires to make somebody disappear is a handful of ruthless agents prepared to seize the selected victim and to interrogate, torture and if necessary, kill that victim in a secret place.

The agents themselves may be official personnel or they may be pro-government sympathisers. In any case, the kidnapping can be denied by the authorities, or, if acknowledged, blamed on terrorists. Even where non-official kidnappers are concerned the authorities are unlikely to investigate, but if they do, the results of any inquiries are seldom made known.

One of the main advantages of disappearances is that they are so convenient for repressive governments. No change in legislation is required, no evidence is called for and no case need be prepared for a competent court to rule on. This method of officially condoned, political terrorism explains how the Chilean Ambassador could truthfully say that Wilson's accusations were unfounded.

N L McKinnon
Amnesty International
Timaru

Bottling up inflation

IN your October 20 issue your newspaper commented on the New Zealand wine industry. The article was critical of profiteering, and quotes price increases of from just over \$1 a bottle in 1970 to \$3.75 today. This increase it was claimed, is well ahead of the rate of inflation.

Surprisingly the claim is not true. Prices have almost quadrupled since 1970. The all groups CPI increased by 330 per cent between 1970 and 1980, only 10 per cent less than this quoted increase in the price of a bottle of wine.

When one considers both the improvement in wine quality and choice in this time, the increase is far from excessive.

Few of us can comprehend the high rates of inflation achieved by the current Government, but we should not blame the wine industry for this situation.

H Barr
Wellington

Publishing directories

IT was interesting to read a paragraph (*NBR* October 6) under the heading *Comment* by Michael F Dakan. While agreeing with his comments concerning the long period from the date of closure for accepting advertising material and alterations for the *Yellow Pages* I could not let the opportunity go by and not make some comment concerning the section referring to, and I quote — "there is certainly room in the Auckland market for an enterprising organisation to collect, publish and sell its own edition of the *Yellow Pages*".

Universal Business Directories has for 46 years been producing business and trade directories covering New Zealand which contain the most up to date business information available at the time of going to press. We up-date our publications on an annual basis and list far more than just the information shown in *Yellow Pages* as mentioned by your writer. I am sure there is no necessity for anybody to have to collect and publish material as suggested, when the information is already available.

Your writer I am sure would be aware of our existence as are most businessmen throughout New Zealand.

D J Freeman
General Manager
Universal Business Directories Ltd

Politics

Time for a change — but to whom, what and why?

by Colin James

THE Labour Party launched its big mid-term campaign last week with a rally by Bill Rowling. In the wake of the October Heylen Poll result, party support could do with some rallying.

For six weeks or so after the East Coast Bays by-election, Labour feasted on the internal troubles in the National Party. For once, its old enemy was bleeding in public and it made Labourites feel good.

At last they began to feel as if they really could win in 1981. When the National dogfight spilled over into an open challenge to the Prime Minister Labourites could hardly believe their eyes and ears.

Their immediate instinct was to hope for a terrible demise of their old tormentor, the man who destroyed their own disjointed attempt at government in 1975.

Then they figured their best interests lay with the National Party keeping him as leader — perpetuating the divisions of the party and progressively disaffecting voters who became potential Labour converts.

So Labourites sat, unmoving and almost silent, on the sidelines during the week National's divisions reached their most severe.

In the middle of it, the less blind among them were jolted back to reality by the Heylen Poll which showed that after four weeks of National bickering, on October 4, National had held its support while Labour and Social Credit had traded support to be equal.

I do not suggest that the Heylen Poll is reality. The odds are that the poll, due to be taken at the end of this week, will show a markedly different result.

But it does have a bearing on reality. And that it should be Labour that suffered at Social Credit's hands suggests a need for recasting the old adage that Governments lose elections rather than Oppositions winning them.

It seems that even when this Government appears bent on losing, this Opposition has got to prove some worthiness to win.

Labour has quietly put together new policies and a new campaign strategy that in its professionalism leaves for dead anything it has done before. But unless it can convey that sense of professionalism — and a strong sense of direction — to the public, it may as well be running a mutual admiration society.

There is a real danger that Social Credit will repeat its East Coast Bays attrition of Labour votes in other places. Already, National surveys are showing a collapse of the Labour vote in Pakuranga, a seat similar to East Coast Bays.

Some Labourites profess not to be too worried about that. Labour cannot win in those seats anyway, the argument goes. In the Labour-National marginals, so the argument runs — as Helen Clark pointed out in a letter a couple of weeks ago — it is Labour, not Social Credit, that should benefit from National defectors.

This "two-elections" syndrome has been gaining ground as an almost respectable theory among observers. But any Nationalists or Labourites tempted to subscribe to it for short-term gain might well also think through the longer-term implications of giving Social Credit too much rope.

The more by-election wins and high public opinion poll figures Social Credit achieves the more legitimate it becomes as a party to measure alongside the others. And the more unpredictable the long-term results.

For instance, no one can be sure any more what effect an overall Social Credit vote of around 30 per cent — double the 1978 figure — would have on National-Labour marginals.

Nor, if there are any Nationalists smugly assuming Labour has all the trouble to itself, can one predict what might happen in Labour-held seats.

Social Crediters report wholesale defections from National to Social Credit in Hastings. There are signs the same thing is happening in Wanganui. In both cases, National collapses could put Social Credit in.

These developments suggest that the old patterns are in danger of breaking down. And once they break down, once voters cast off old allegiances, it is likely to prove increasingly difficult to tie them back into old habits.

The short history of National Alternative voters in East Coast Bays attests to that.

National might find that in the end it becomes as vulnerable to Social Credit's middle ground conservative appeal as Labour.

All this is speculative. But the very unpredictability — even capriciousness — of life with a strong Social Credit presence should add urgency to National's attempts to beat out the brushfires.

So why, then, did National MPs keep the leader who seems to have done most to push voters Social Credit's way?

Do they now think he is going to change to such an extent that not only will National stop its own flock wandering but a stop will be put to the transfer of Labour votes to Social Credit simply to get National out?

Believe it or not, the answer is, by and large, yes.

Substantial demands were made of the Prime Minister in that week before he reasserted his command of the numbers.

They covered four broad areas:

- The Cabinet: new blood must be brought in in significant quantities. That demand looks as if it will be at least partly met — but probably would have been anyway;
- Policy: there must be no slackening of the move towards a "more market" economy and there must be a specific commitment to radical tax reform. The Prime Minister made no promises, but, MPs say, did appear to listen with rather more attention than in the past;
- Presentation: the Prime Minister as party mouthpiece, must cut out the equivocation and project the liberalising and development programmes more forcefully and consistently to the public, thus to give wavering voters the impression of a strong lead. Some MPs see signs that the Prime Minister is gradually growing less resistant to the new policy direction and more persuaded that it can work — economically and politically;
- Personality: no more Colin Moyles, no more Tom Scotts. It would be a brave MP to claim the Prime Minister can give that recreational pursuit up easily. On radio before the October 23 caucus meeting, the Prime Minister himself said, "that would be totally out of character with Rob Muldoon".

The MPs got no overt concessions out of the Prime Minister. Instead, they are pinning their hopes on two lines of development: that the Prime Minister himself sees the need to combat the Social Credit menace; and that they now have the means and the determination to keep him up to the mark (on all but the fourth area).

This keeping him up to the mark will not be achieved by waving a big stick of leadership change at him. That Brian Talboys is not a big stick has been amply demonstrated.

They will rely on a more cohesive and determined block in the caucus as a whole and in the reconstructed Cabinet. A substantial minority in either place gives an effective veto over wrong-headed decisions. In other words, they think they have the Prime Minister on a short lead, which was their main aim.

I can't say I am convinced they will achieve more than mixed success — even though the sight of so many MPs going public with their disagreements with the Prime Minister has probably emboldened all of them.

But in one respect the leadership uproar may have beneficially cleared the air.

There can be no doubt as to who is Prime Minister. Party workers no longer have the option of hanging back on an "if-only" qualification about the leader. It is now take it or leave it.

One of the leading rebels, although disappointed that things had turned out as they did, put it to me that, the caucus having so decisively endorsed the leader, many of the waverers out in grassroots land would follow that lead and knuckle down to collecting the subs and promoting the cause.

There is support for that view in the sudden wave of "we didn't mean it, don't dump Rob" reaction in the grassroots to the prospect that he actually might go. Perhaps the cathartic television performances and blow-by-blow radio and press coverage lanced the boil.

I am not convinced. The proof will lie in whether the Prime Minister does actually change. Whether those grassroots wanted him out or not, there can be no doubt they want him different. Without conciliation, the Prime Minister may find his victory more illusory than real.

One clue to whether the wounds are healing or not over the next few months will be the extent to which the party attacks the media, to suggest there never really was a leadership crisis.

Still to be answered is whether the public, specially the moneybags who have been keeping their purse-strings tightly drawn this year, will be convinced by the cosmetician's art.

To find out the answer to that question, watch that Social Credit line on the poll graph over the next six months or so. A lot more is at stake than simply National's fortunes.

Economics

Economists draw lines in employment uprising

Economics Correspondent

ECONOMISTS tend to be cowardly fighters. They prefer to advise the generals rather than personally appear on the economy's battlefield. But recent rises in unemployment, which can best be put down with the special technical abilities of economists, have drawn some onto the battlefield.

While economists profess to believe in a common core of theory, when exposed to public view in the policy arena, they disagree on the best way to win in the war against unemployment. In the political arena there is a growing polarisation for and against free enterprise and economists are tending to polarise around the issues of freer markets or better planning.

In order to gain credibility, economists on both sides profess to a better understanding of the theory and of our particular economic problems than other economists, not so well trained.

The most blatant example was in a recent speech by New Zealand Institute of Economic Research senior research officer, Des O'Dea. O'Dea gave a thorough run-down on the arguments for protection of local manufacturing, its effects in creating jobs, and its long-term effects on growth. But apparently fearing that his arguments would not carry weight on their own, he emphasised that "the profession has, with only isolated exceptions, accepted the argument that the community as a whole would benefit from a reduction in protection".

While admitting that "economists are not in total agreement on the subject" O'Dea went on to say that his personal opinion "with which most economists would agree, is that protection of New Zealand industry is exceptionally and excessively high by world standards".

Summing up the theory of international trade, O'Dea claims that "mainstream theory ... that accepted by most professional economists, is still, with only a few specisl exceptions, in support of free trade".

These sorts of claims are unhelpful in the current debate and detract from O'Dea's otherwise excellent survey about the relationship between protection and unemployment. The point that gets lost is that protection can be an excellent policy tool, used in the correct manner.

It may not be so much that New Zealand trade is overprotected, but that it is poorly protected and that the existing licensing system is open to abuse and exploitation by those seeking individual personal gain.

Developmenl . . . limiled extrapoletione mede from the pasl.

Economists Ken Lowen and Dennis Rose cautioned the Wellington Manufacturers Association last month that the debate about protectionist policies should be acknowledged as respectable and not dismissed out of hand by reference to doctrine

This growing split between economists for and against protection is one harbinger of the birth of a revision to economic methodology. There is a general consensus that changes to the New Zealand economy are required. But economists differ when it comes to determining what changes are needed and how they should he implemented.

Unstable international trade conditions, fuelled by the oil crises, have created an air of uncertainty and there are similarities to the 1930s. The Depression brought about a major revision of economic theory, mainly because of concern over unemployment. Economists' ventures into the battlefield today are also likely to create change.

Rose and Lowen believe that the emergent theory will draw from other disciplines, particularly management science, and is likely to build upon new types of economic modelling and simulation. "System dynsmics modelling" may replace much existing theoretical and econometric modelling".

Industry studies are not a clarion call to free trade; nor are they devices for exorcising evil protectionist policies. All the studies could fit into an integrated frsmework and could he used to generete an overall economic strategy.

The need for strategy formation in the increasingly harsh international economic climate that made the growth orientation of economic decision-making obsolete makes Rose and Lowen argue for the marriege of economics end management - augmenting computer policy-modelling technology.

As Alec Nove, Professor of Economics at Glasgow said recently, "new technology provides new challenges and opportunities in the whole field of economics, organisation and management: systems analysis, with stress on interdependences and complementarities, will surely soon replace the conventional Western stress on marginalism, increments, and the profit maximising separateness of economic units, linked together conceptionally only with general-equilibrium models and perfect (or imperfect) markets".

In other words: Methods are now availeble so that theoretical economists can extend their thinking in new, less restrictive directions. And with any luck, this new theoretical approach will be more consistent to reality and more informative for policy purposes than previous theory.

These technical developments provide an opportunity for determining consensus on economic issues. While Rose and Lowen acknowledge the limitation of the National Development Conference's attempts in the late 1960s and early 1970s to chart the future by extrapolation of the past, they see the steps to consensus forming as vsluable. These could be developed in the current industries studies programme.

But they add that one of the more fundamental changes required by the IDC policy is a change in attitudes towards protection. While we might prefer lower rather than higher levels of protection, it depends on the extent to which employment and development objectives are met.

In other words, less protection will not necessarily result in more jobs or more development. It is desirable for other reasons and should not be brought about until jobs and development are guaranteed.

Belated Budget should boost activity in downturn

PETER V O'BRIEN comments on the financial and business week, appraises the share market and analyses the company accounts.

THE 1980 Budget will be presented in December as expected, following the mini-budget read to Parliament on July 3.

Prime Minister Rob Muldoon outlined the broad details in his speech to the Lower Hutt Chamber of Commerce last week. From the businessman's viewpoint, the proposals should lift activity at a time when companies expect higher unemployment, a downturn in profits and lower investment in the period through to March 1981.

Those expectations were included in the Institute of Economic Research's business opinion survey published last week.

The Government is apparently prepared to reverse that trend, although the proposals will take time to work through the economy.

Muldoon concentrated on personal tax, unemployment, and the use of the $130 million from the EEC to build up infrastructure for the large scale developments planned for Taranaki and Southland.

He indicated that some economic indicators would be allowed to "get out of line", including the Budget deficit before borrowing. By inference, that seems to suggest that money supply will also be allowed to rise a little in an endeavour to stimulate the economy. A tax cut will have a similar effect, so the trick will be the usual one; to stimulate without letting the important inflation indicator get too far "out of line".

The Government also has another item on its economic agenda, after the United States Commerce Department's ruling that our export tax incentives are a form of subsidy, a ruling made in the Delta Plastics' case regarding ear tags exported to America.

This issue will probably be taken up on a Government to Government basis, but if New Zealand fails to convince the United States Government and/or courts that our system is valid and in line with similar systems used in other countries, including the United States, it will have to go back to the drawing boards on the tax incentive scheme.

It seems to have two options in this area, if a rethink is required. Either it makes a sizeable devaluation to offset any structural change to export incentives, or it can alter the rates of company taxation.

The latest published statistics for company income tax are about two years old, but they show an average company tax rate of about 35 per cent of pre-tax income, and that company tax is about 18 per cent of total income tax gathered in a year.

There is nothing surprising in the latter figure, because by definition the total income of individuals, on which personal tax is struck, is much bigger than company income. Second, the growth rate of personal incomes in recent years has been ahead of that for companies.

A reduction in company income tax rates, or the introduction of a minimum rate which all companies must pay, irrespective of export incentives, would go some way to overcoming the dissatisfaction with the present system.

The point was raised forcefully at the annual meeting of the stock and station group, Crown Consolidated Ltd, last week when chairman Rod Weir hit out at the incentive scheme's effect on pastoral farmers.

Weir said the pastoral farmers' taxes were, in a roundabout way, subsidising the purchase of high priced pastoral land, particularly for horticultural purposes.

The export incentives on horticultural products were, in his view, a reason for the rapid rise in prices of land for such purposes, while the alternative uses, for pastoral farming or orchards, had no export subsidies.

Opinions differ on the level of incentives and subsidies farmers receive, so Weir's comments have to be considered with that in mind, but he does have a point. It is a point which, rightly or wrongly, has been taken up in various sections of the business community, including those companies which supply goods and equipment within New Zealand to other companies which then export the goods using either the other raw materials or the capital equipment inputs, and pick up an incentive.

This argument has relevance, as everything does these days, to the new Fletcher Challenge organisation.

If that group has profit of around $90 million to $100 million, and pays little or no tax, there could be pressure for some changes to company tax systems, which is already a confusing mess of bits and pieces, tacked onto a basic frame over the years.

Muldoon's Christmas Budget will stimulate business activity, and not surprisingly, will take effect in election year. The economic effects of the proposals can be considered elsewhere, but businessmen can look forward to at least a few months of improved trading, with the possibility of a rise in investment levels throughout the economy.

The effective date of income tax cuts is still an open question, but April 1 appears likely, in view of the machinery requirements for producing tax tables and so on. It could be earlier, but the great New Zealand shutdown may rule out January or February as the operative date.

The great new era is expected, on the Government's thinking, to commence in the 1982-83 financial year. The should be enjoyable, provided the seed corn is not consumed in the waiting period.

More merger candidates possible in big one's wake

THE market is still assessing the effect of the Challenge / Fletcher / Tasman merger on New Zealand industry, and in particular the possibility of other large mergers.

The new Fletcher Challenge organisation early last week was based on a share price of around $1.90 to $2.00 for the new 50c shares when they come on the market.

Estimates of the group's total profit range from around $90 million to $100 million, and cash flow should come out somewhere in the region of $120 million.

An earning rate of about 45c a share (give or take the odd cent or two, which creates a variation of $2 million to $4 million, given the company's massive size) is a price/earnings multiple of only 4.4 at $2 for the 50c shares.

The dividend payment is an interesting factor in any market calculations. If the group paid 12.5c a share (25 per cent) an earning rate of 45c a share would cover that payment 3.6 times.

Market interest remained high in other possible candidates for merger. The list now covers an extraordinarily wide range of commercial and industrial organisations – such is the impact of Fletcher Challenge on New Zealand business life.

The forestry based companies are an obvious choice for investors, as are many builders supplies, merchandising, and industrial groups. The emergence of other large combinations cannot be ruled out, but the trick is to calculate the right combination. Given the number of options that is a difficult task, and, since investors may be unable to put their money across the board, the result in terms of capital gain is very much in the realms of guesswork.

The merger is tied up, in case anyone is wondering, after considerable groundwork by the merging companies.

After advising the Government of the intention, the Challenge and Fletcher executives then met their staff, the news media, and other groups. Last Tuesday, they held a gathering for the investment managers of financial institutions, before facing up to the Challenge Corporation annual meeting on Wednesday.

There might have been some heartburning at the selection of the new board, but it was clearly impossible to find a place around the table (apart from the fact that they don't make board room tables that big these days).

There may also be heartburning in two other areas. The first is the auditors. At present three large firms audit the books of Challenge, Fletcher and Tasman. They are Barr, Burgess and Stewart (Challenge), Gilfillan, Morris and Co (Fletcher) and Hutchison Hull and Co (Tasman).

The total audit fees for the three companies were $836,000, excluding an amount of $103,000 itemised in the Fletcher accounts as paid to "other auditors" apart from the auditors of Fletcher Holdings Ltd.

The position last week was "no change" in the auditors, at least "initially", but anything can happen in time. There is little difficulty in auditing the accounts of the new holding company, because they will be an amalgamation of the constituent parts, which will have already received audit certificates. That could be done through another computer terminal.

But if there is ever a change, the best part of $1 million will go to an audit firm, and that is big bikkies, even for the top accountancy firms in the country.

In view of the regular public statement linking these companies with the "nation" and the "national interest", there is an obvious solution, although it may displease the existing auditors.

Surely "New Zealand Ltd" (or "New Zealand Inc" to quote another source who thinks this is the appropriate title for a non-profitmaking society) should be audited by the Auditor-General and the staff of the Audit Office?

The mention of a computer terminal earlier, raises another issue about this merger, which is a little outside the area of investment, but still relevant to the outflow from bringing the companies together.

The Challenge and Fletcher organisations have a vast amount of personal information on several hundred thousand New Zealanders — as farmers, American Express cardholders (about 50,000), borrowers from the two large finance companies (Broadlands and Challenge) excluding Marac, purchasers of building materials, other industrial, consumer and commercial merchandise, liquor, motor vehicles, and so on.

The existence of such a vast computerised information bank, which would rival the Bank of New Zealand, if not in numbers then in detail, but locked into a large private corporation is a cause for legitimate concern, until someone provides the assurances, and indicates the security measures which will be taken to avoid cross referencing.

But that is apparently of little concern to the investment market, which is enjoying its new-found bull phase.

NOTE: The writer is the proud possessor of shares in Challenge Corporation, which breaks the monotony of previous notes at the end of this column.

O'Brien on business

Analysing accounts: Freightways and TNL

THE transport based companies, Freightways Holdings Ltd and TNL Group Ltd have a deserved reputation for excellent annual reports.

The 1980 versions maintain that reputation, with good disclosure of all the main items required for detailed understanding of the companies' affairs.

There are variations between the presentation of each company, but that is related partly to the diversified nature of TNL's activities, while Freightways is concerned mainly with transportation alone, although there are some sections of the business which operate in other areas.

TNL breaks down its activities into "passenger and tourists", "freighting and contracting", "minerals and chemicals", "horticulture, farming and exporting", "investments" and "corporate services".

That is logical, because TNL has a substantial investment in the tourist business through the Newmans organisation, which was the largest revenue earner last year, bringing $25.1 million into turnover, compared with $22.3 million for the traditional freighting and contracting business.

The other sections of the company contributed only $12.1 million among them although it is worth noting that revenue from the horticulture, farming and exporting divisions went from $1,269,000 in 1979 to $3,046,000 last year.

In profit terms, the tourist division contributed $1,895,000 to tax paid profit, freighting and contracting provided $939,000 (a drop from the previous year's $1,056,000); minerals and chemicals was down from 1979's $327,000 to $296,000, and the horticulture, farming and export division turned a loss of $8,000 into a profit of $396,000.

In terms of net profit to revenue, that division was the best performer with a percentage relationship of about 13 per cent. It is logical for the division engaged in exporting to show a good return of tax paid profit to revenue, because that is the division where the bulk of export tax incentives are brought to account.

The group's increased export incentives rose from $241,000 in 1979 to $488,000 last year, while export development expenditure was $231,000, compared with the previous year's $65,000.

Tourist promotion expenditure was the other large influence on tax, going from $641,000 in 1979 to $771,000.

A combination of various incentives and allowances reduced tax to $123,000 from $826,000, and allowed the company to report tax paid profit of $2.6 million, as against $3.2 million, both figures excluding provision for associated companies' profits and dividends, while the pre-tax figures in 1979 and 1980 were respectively $3,983,000 and $2,719,000.

In addition, the text of the report does not engage in meaningless waffle, unlike many public companies, some even larger.

Freightways is in a different situation, because there is not the same need for divisional accounting in the group, as in TNL.

But the company still provides detailed information on its "divisions" contribution to overall revenue, while the reports of the chairman and managing director are informative, while also being concise.

Freightways omits a detailed breakdown of tax, but that is understandable, because the company's incentives and so on are quite small, with the tax to pre-tax ratio about 44 per cent, compared with the overall company tax figure of 45c in the dollar.

The interesting point lies in the relationship of the "road division" to total revenue, because Freightways is often considered a "cartage" company. The division contributed $41.1 million to total revenue of $137 million. That is less than a third of the total, and it appears that the bulk of revenue came from the forwarding division, although for some reason there is no mention of the dollar figure, in spite of a comment that revenue increased 25 per cent which was "more than offset by a 33 per cent increase in line haul costs with a consequent deterioration in operating margin".

The 35 to 40 per cent rise in both creditors and debtors is a feature of the Freightways' consolidated balance sheet. The report does not mention the reasons for this substantial shift, but it seems to be a combination of inflation an an increased level of business, with the latter including expansion of the company's diversified activities.

There might also be an element of the "5 o'clock on a given night" aspect of company accounting. The increase in both items is still sizeable, although not to the extent to cause much concern, because one side balances off against the other.

The transport industry is a difficult area in which to earn a dollar, but Freightways has done well over the years. The company, together with TNL is also prepared to do equally well when it comes to reporting on the year's events.

O'Brien on business

Careful consideration thwarts beet sugar venture

SOME funny things are happening in the market oriented, free enterprise, new deal, New Zeoland economy.

Trade and Industry Minister Lance Adams-Schneider is having a busy time commenting on this and that, warning people about leaking confidential documents on industry restructuring proposals, and knocking back others who want to set up free enterprise ventures.

Last week Adams-Schneider issued another of his numerous press statements, this time on o proposal by the Canterbury Sugar Development Society to establish a beet sugar industry.

This quote from the press statement makes interesting reading:

"Following careful consideration of the many and diverse factors involved, the Government had decided not to give the society or any other proponent of such an industry any assurance that current policies on sugar imports and domestic sugar prices would be amended in order to accommodate an industry".

Note how the Government always gives "careful consideration of the many and diverse factors involved", when it makes up its mind not to do something.

The statement continued:

"Furthermore, the Minister stated, any consideration of proposals to establish a beet sugar industry would need to take account of the possible trade policy implications of reduced purchasing of our requirements for raw sugar, including the possible effect on New Zealand's overall relationships with existing suppliers.

"In this regard, one possibility was that the current discussions between New Zealand ond Australia on a closer economic relationship might lead to negotiations on new arrangements for imported sugar. Another important consideration for the Government would be the impact on the New Zealand Sugar Company's Chelsea refinery operations and the increase in costs associated with a reduction of the plant's throughput of raw sugar."

Then, according to the statement, and "in conclusion", (you need special training to write Ministerial Press Statements) the Minister stressed that the Government was not prepared to give any assurances that it would not renew the present sugar purchase contracts with Queensland and Fiji at the expiration of the present ogreements.

Similarly, no assurances could be given that new contracts would not be negotiated with other suppliers or that quantities of sugar presently purchased on long term contracts would not be increased.

That is all very interesting, but nowhere in the press statement docs Adams-Schneider say if the beet sugar would be more expensive or cheaper than the present produce refined from raw sugar.

We read about trade policy, the reaction of big brother Australia in the current economic relationship negotiations, the effect on New Zealand's relationship with other suppliers and so on.

These are weighty matters, which trade statesmen must obviously take into account when deciding what should and should not happen in the field of industry development.

Lance Adams-Schneider ... beats about tha bush

But can we ask again, will the beet sugar be more expensive or cheaper than the imported product?

In some of his other activities, the Minister and his colleagues are strong on import substitution, related to the relevant prices of the local as opposed to the imported product, net foreign exchange gains, competition, the need to broaden the base of the economy and all the other "restructuring" comment which have flowed down from on high in recent years.

None of that here. CSR is at Chelsea, and all is sweet in the local sugar world.

The trade policy argument would seem relevant to a wide range of raw materials imported in to this country, assuming we had the capacity to substitute them at the appropriate volume and price levels.

The "current discussions between New Zealand and Australia on o closer economic relationship" are certainly relevant, if they "might lead to negotiations on new arrangements for imported sugar" but what does the Minister mean?

Why not say how those discussions might lead to new arrangements, and give us some idea of the possible new arrangements?

These are some of the questions which arise from that curious press statement. Will we get answers?

Well, if the Minister and his office run true to form, you can betcha that this week the Minister will issue another press statement, probably wishing "to comment and take issue with the article in *National Business Review*", assuming we get into the Beehive these days.

And that will be a good thing, because some more information might be forthcoming on the "careful consideration of the many and diverse factors involved".

Stock Exchange weekly review

FOR WEEK FRIDAY OCTOBER 24 TO THURSDAY OCTOBER 30

	Last sale	Week's high	Week's low	Turnover
AIRWORK, 50C	130	...	...	0
7.1% PR	...	...	...	0
8% PR	...	...	...	0
AJAX U.F.M.	295	...	...	0
A.J. WHITE	525	...	...	0
11.5% CONV PR	105	...	...	0
ALLIAR, 50C	102	105	101	2000
A.M.T.	225	225	227	45700
ALLIANCE, 50C	40	01	54	11000
11% CONV PR	53	50	48	1300
ALLFLEX	107	110	107	12400
ALLIED FARMERS	292	295	290	10000
12% CONV PR	290	...	...	0
ALTOT STEEL	210	210	210	1000
A.M. BAILEY, 50C	210	210	210	2200
AMPOT PET., 50C	150	...	...	0
A. BRAVEN	110	120	111	16100
11% CONV NTS	110	110	110	900
11.5% CONV PR	100	100	100	1700
ANDAR GROUP	118	110	118	1000
5–6.5% PR	45	...	...	0
11% CONV PR	95	95	95	100
ANZ BANKING GROUP	249	250	247	50600
A. WRIGHT	300	...	...	0
"A" 6–7.5% PR	80	...	...	0
"B" 5–6% PR	60	...	...	0
A. BARNETT	210	110	210	1700
A. ELLIS	20	20	19	9000
ARTHUR YATES	378	582	376	17400
12% CONV PR	140	140	140	600
ARNOT RTFRH	350	350	310	800
A.B. GIBLER	200	200	200	300
ATLAS, 50C	30	32	29	12500
10% CONV PR	30	30	50	20950
AUCK. BEE	490	490	435	2750
AURORE, 50C	180	185	180	5500
10% CONV PR	260	260	260	300
14% CONV NTS	160	...	...	0

	Last sale	Week's high	Week's low	Turnover
GROSVENOR F O–S, 41C	45	...	...	0
HELT. INST. IN	250	250	245	1700
HAURAKI INT SERVICES, 45C	16[illegible]	162	159	7700
HAWKINS, PTL	62	65	65	6000
6.5% PR	...	...	...	0
H.B. FARMERS	223	217	225	8400
12% CONV PR	155	157	155	2600
HAWKE–IGHTS	65	...	...	0
HEALING	172	130	310	44100
10% PR	...	...	...	0
12% CONV PR	302	105	300	7000
H. POLLARD	310	310	310	5400
10% CONV PR	192	...	...	0
HENRY BERRY, 50C	148	150	148	4000
10% DEBS	235	...	...	0
HOOKER, 50C	73	...	...	0
HUME INDUST 175	112	...	...	0
5–7.5% PT PR	60	...	...	0
10% CONV NTS	115	...	...	0
I.C.I. (AUST)	155	...	...	0
I.C.I. (NZ)	190	190	190	2100
IND BROADCASTING	129	129	128	500
INDEPENDENT NEWS	161	161	162	500
IND. CHEM, 50C	175	170	170	100
INTERTASMAN NZ, 51C	...	...	...	0
I.V. HOW, 50C	250	150	249	6700
JAMES AVIATION	329	...	...	0
JAMES SMITH 50C	42	82	42	400
14% CONV PR	55	...	...	0
J.E. WATSON	350	350	310	9100
17% CONV PR	300	300	300	500
J. BURNS	102	102	102	1700
12% CONV PR	175	...	...	0
JOHN EDMOND	175	...	...	0
J. WEBSTER, 50C	45	45	45	4700
12% CONV PR	40	...	...	0
J. NE–CEP INVEST., 20CC	70	...	...	0
5.75–6.25% PR	...	...	...	0
J. NATHAN	140	...	...	0
6.5% PR	125	...	...	0
11% CONV NTS	140	...	...	0
J. RATTRAY	210	210	210	500

	Last sale	Week's high	Week's low	Turnover
R.W. SAUNDERS	320	...	...	0
SALMOND	165	183	103	200
SANFORD	355	355	335	900
PR	135	...	...	0
17% CONV PR	260	...	...	0
52% "B" CONV PR	135	...	...	0
SCHOFIELD	155	155	135	1000
SCOTT, 50C	72	72	70	13400
12.5% CONV PR	48	...	...	0
SELBY	245	...	...	0
SKELLERUP, 50C	505	510	502	4100
5–7.5% PR	36	...	...	0
SMITH BIDLAKE, 50C	185	165	165	14000
12% CONV PR	133	133	155	9700
SMITHE C.P.	130	130	125	2000
STH. BRITISH	276	280	275	82400
STHN. CROSS HOTEL	155	153	135	200
STHN CROSS MINS., 20C	50	55	50	78700
S.F.M.	210	210	200	3700
SPEDDING, 50C	64	63	63	3700
12% CONV PR	75	75	75	4300
STEEL & TUBE, 50C	100	100	100	33300
SUCKLING	170	170	170	200
TASMAN, 50C	452	460	445	19700
RED PR	...	...	...	0
PART PR	...	...	...	0
TAYLORS	120	120	120	2000
12% CONV PR	112	112	112	[illegible]
TELTHERM	170	170	570	[illegible]
12% CONV PR	122	122	122	[illegible]
T J EDMONDS	300	300	300	[illegible]
TOLLEY	127	150	115	13900
TOUR FIJI	38	...	...	0
TRANS ASHBURTON, 50C	48	...	...	0
TNL GROUP, 50C	92	95	94	34000
10% CONV PR	70	70	70	400
11% CONV PR	75	75	73	200
TRANS CNTH. CANT. 1	91	...	...	0
13.5% CONV PR	84	...	...	0
15% CONV PR	95	...	...	0
TRANSVISION	236	245	233	16000
U.D.C.	147	...	...	0
U.E.B., 50C	107	107	106	70600
6.5–7.5% PR	115	...	...	0
12% CONV PR	85	85	84	21000
15% CONV PR	55	58	58	3500
UNITED STEAM SHIP	92	...	...	0
5.5% PR	78	...	...	0
UNITED BLDG	100	...	...	0
UNITED PUBLISHING, 50C	220	...	...	0
VALATION, 10C	57	57	55	4300
12% CONV PR	50	50	50	7100
11.5% CONV PR	47	47	47	3200
WAITAKI–NZR	202	202	198	51000
11.5% CONV PR	155	155	155	5000
12% [illegible]	[illegible]	...	...	0
[illegible]	[illegible]	...	...	0
WATTIES, 50C	115	131	114	184003
12.5% CONV PR	80	80	78	[illegible]
WELGAS	470	470	470	800
WELFINE & DAVIES	210	...	...	0
5.78–7.5% PR	30	...	...	0
W. JEFFERY	140	142	140	1700
11% CONV PR	110	...	...	0
WILSON & HORTON	360	360	353	5300
WILSON DISTILLERS	90	90	90	600
WILSON NEILL	110	125	120	7300
12% CONV PR	160	...	...	0
WINSTONE, 50C	76	77	75	287900
12% CONV PR	54	55	53	22700
WHYTHE TRAI PROPS, 20OC	72	...	...	0
5.75% PR	88	88	88	1500
WYNTHS ALET, 50C	259	...	...	0
WORMALD	270	...	...	0
5–7.5% PR	100	...	...	0
W.R. CARPENTER, 50C	154	...	...	0
W. RUTHERLAND	150	...	...	0

Aviation

Exporters stunt growth of airfreight service

EXPORTERS have brought attempts to get an independent international airfreight service rolling to a sudden, grinding halt.

Christchurch-based Airag International (NZ) Ltd, encouraged by enthusiastic exporters, sought $200,000 to launch a DC8 freight service to the Middle East and Europe.

But when applications closed two weeks ago, the offer was miserably undersubscribed, nowhere near the minimum $100,000 needed to begin operations.

Acting general manager David Grant said the Airag had many replies from users of airfreight wishing the company well, but declining to make a commitment.

"It reminds me of the nursery rhyme of the red hen and her chicks," he said.

The public company was formed earlier this year to take over the expertise gained by Airag Freighters Ltd, a private company that after much delay was granted a temporary permit to begin an airfreight service specialising in fresh meat, fish and horticultural products.

That operation never got off the ground, principally because of the delays in gaining the permit. However it was understood that Airag International's application to renew the permit would have received speedier attention provided the company raised the capital to get airborne.

Initially, it would have chartered DC8 freighters, hoping to graduate to its own aircraft. The company was also urging the Christchurch City Council to extend the airport's runway to enable fully laden Boeing 747 freighters to take off.

The collapse at the second hurdle leaves Airag Freighters creditors unpaid. An agreement in the prospectus of the public company stated that $75,000 was to be paid to the original companies to clear its debts and pay for the expertise — including route proving studies by plane makers McDonnell Douglas.

The groundwork and study, Grant said, were the group's only assets but he was still convinced the concept is viable.

"The service is needed," he said. "I believe it has to be run by a low overhead pure freight airline to get away from the rigid freight structures imposed by IATA to fill the bellies of passenger aircraft."

Airag International's directors are expected to meet shortly to decide on the company's future. It is understood the original companies — there was also a private company Airag International Ltd — creditors are pushing for payment.

However, Grant favours putting the idea, and the accumulated expertise "on the shelf" for a while before trying again.

Argentinians fly in to tie up polar air route

AN Argentine Government delegation will arrive in Wellington in the first week of December to tie up an air service agreement to open the polar air route to South America.

Aerolinas Argentinas had hoped to start flying from Buenos Aires to Hong Kong through Auckland before Christmas. But this now seems unlikely unless an ad hoc temporary licence is granted immediately after the negotiations.

There are unlikely to be any last minute hitches. Preliminary discussions between Air New Zealand and the Argentine flag carrier have made it clear their fifth and sixth freedom rights between Auckland and Hong Kong are non-negotiable.

Air New Zealand does not want competition between Auckland and Hong Kong, a route on which now has a monopoly until its Boeing 747 services are established in the mid-1980s.

A flight carrying President Videla, which touched down in Auckland a few months ago, came direct from Shanghai.

Continued from Page 1

climate, when business confidence is low, a commitment to capital investment for that sort of increase is extremely unlikely. Thus, the engineers argue, Australia has an immediate advantage over this country, one that would be difficult to peg back.

The engineers have been unable to find adequate compensation or advantages to replace the inroads made into New Zealand's market by giving ground on access under the CER concept.

An industry observer commented: "The access offer made by New Zealand is in effect putting the cart before the horse. Companies are asking why New Zealand is even considering such an access offer when no benefits have become discernible publicly. Why are we getting this far down the track?"

While less trenchantly and publicly critical than the engineers, other groups are becoming increasingly restive behind-the-scenes as companies belatedly realise what is being proposed.

A real fear expressed by some is that the item-by-item approach of CER will allow officials to "knock off" recalcitrants one by one.

The concurrent industry studies programme being urged on by this Government — another area of concern. Industries undergoing or facing an Industries Development Commission or department probe are questioning the wisdom of locking CER into place when a final industry plan might drastically alter the operation of that industry.

Said one industry representative: "What happens if we get CER going and then an industry study shows that trade with Australia is not on?"

The reaction of individual industry groups and companies represents a shift away from the attitude of the manufacturing sector's parent bodies on both sides of the Tasman.

The Confederation of Australian Industry and the New Zealand Manufacturers' Federation, after the recent NAFTA talks in Tasmania, issued a communique indicating a favourable reaction to the politicians' proposals for CER.

But, in the fact of the awakening industry scepticism, the governing bodies are stepping back from the debate to allow direct industry-to-government negotiations.

Those industries that have finally come to grips with the issues are not hoping that they have not left their negotiating run too late.

Transport

NZR upgrades service in wake of vain challenge

A NELSON transport company has ended a valiant but vain attempt to drive a hole the size of its own heavy truck and trailer units in the 150 km road-haulage limit.

Irvines Freightlines sought approval to operate a direct nightly freight service over the 428 km between Nelson and Christchurch. It was turned down, but the application resulted in a marked upgrading of New Zealand Railways' service to Nelson's railhead at Spring Creek and probably the closest study of the district's transport problems that has ever been undertaken.

Fortyseven witnesses and five lawyers appeared before the No 8 Transport Licensing Authority, D L Hogan, to argue the matter in a hearing which spread over three months and caused Hogan to comment at the end: "There is little more that can be said about the transport of goods between Nelson and Christchurch."

Irvines, along with Transport Nelson, applied in June for the necessary vehicle authorities to operate the inter-city freight service with exemptions from the 150 km limit. It was a direct challenge to NZR's rail-plus-road service through Spring Creek, which had its genesis in the Government's cancellation of the national rail subsidy for Nelson but was precipitated by Transport Minister Colin McLachlan.

Earlier this year, when Nelson business groups made representations about the unsatisfactory nature of the NZR service and sought to have the Nelson-Christchurch run freed from the 150 km limit, McLachlan advised them to go to the Transport Licensing Authority.

But when subsequent licence applications came simultaneously from Irvines and Transport Nelson, NZR acted promptly. General manager Trevor Hayward visited Nelson for peace-making talks with the business community, and on June 19 the senior commercial agent for NZR wrote to the chamber of commerce and the Nelson branch of the Wellington Manufacturers' Association with news of a revamped service from Christchurch to Spring Creek which would allow following day delivery in Nelson for goods accepted in Christchurch up to 4pm.

This meant the situation had already changed by the time the applications hearing began before Hogan as licensing authority in July.

Transport Nelson responded by seeking an open-ended adjournment while it evaluated its chances in the face of the new NZR service. But Irvines pressed on with its advertised application for four vehicle authorities to allow a truck and trailer to move each way between Christchurch and Nelson with urgent general goods five nights a week.

Irvines based its case on the importance of the link with Christchurch as Nelson's main supply base and the widespread dissatisfaction with the service being provided by NZR, and the firm called 36 witnesses to demonstrate unreasonable delays in the service through Springs Creek.

NZR responded with a barrage of way bills to show the delays were largely the fault of the road transport operators themselves, who often left goods uncollected at Spring Creek.

In his decision, Hogan said that after hearing 45 hours of evidence on the subject he found it difficult to apportion blame for delays and could only conclude that it was a shared responsibility.

He said that since the Irvines application was lodged it was obvious NZR had given its service a massive facelift, with special efforts to motivate staff, improved documentation and plans to spend $720,000 in the near future on improvements at Spring Creek. These would provide more working lanes and under-cover loading among other advantages.

Hogan said no shortcomings in the new NZR arrangements had been brought to his attention during the hearing and he believed they deserved a fair trial.

He also said that, whoever was responsible for the general dissatisfaction with the service in the past, it was clear the users had blamed NZR and it would call for a massive public relations exercise to restore confidence.

Approval of Irvines' application would have given the firm a freight capacity of 15 tonnes each way every week night, which Hogan said he had no doubt they could fill easily. NZR submitted the proposal would have cost it $250,000 a year in lost revenue.

Irvines' proposal was expected to hit the parcels traffic picked up by Newmans Coachlines, which operates a combination passenger-freight vehicle on the route, and apply what Hogan called "an extremely broad definition" to what constitutes the parcels Newmans is licensed to carry.

In the final analysis, it seems Irvines was defeated by NZR's swift action in putting its house in order, along with the licensing authority's reluctance to jeopardise the "excellent service" offered by Newmans, which would be forced to increase passenger fares if it lost parcel revenue.

It has been a costly exercise for Irvines, but managing-director, David Irvine, says the company will not appeal against the decision.

Irvine said the application had at least succeeded in achieving an improvement in the freight service to Nelson, though he says it remains to be seen whether NZR will be able to sustain its performance.

If it does not, Irvines will be standing by ready to mount another assault on the 150 km road haulage limit.

The media

'Authoritive' weekly heads for the news-stands

A NEW weekly newspaper — *The Nation* — will hit the news-stands this week.

Billed as "New Zealand's authoritive weekly newspaper", it is the latest in a long line of weeklies that have been launched with high hopes.

The Week, its most recent predecessor, failed to win advertisers or sufficient readers.

Thirty thousand copies will run off the presses at Paraparaumu on Wednesday night, the product of a year's planning and ambition.

The paper was born at a dinner party late last year hosted by *Newsmaker's* presenter Ian Fraser. Among those present was publisher Philip Harkness, co-founder of the successful *Fiji Sun* whose family owned the *Waikato Times* before it was taken over by INL.

"It was something he had had in mind for some time," Fraser said.

"We felt there was a gap in the market, and the paper was something we wanted to do.

"It will be clearly upmarket — but in tv-land terms not as upmarket as *Kaleidoscope*. We hope it might be closer in appeal to *Newsmakers* — targeted at higher-income earners."

It is understood that among Harkness's early proposals, was an offer to INL to buy the ailing *Sunday Times*, now easily outsold by its strictly down-market "get it while it's hot" *Sunday News*.

INL, after picking Harkness's brains on his plans, rejected his offer.

Those involved with *The Nation* produced a prototype of their publication some two months ago for limited distribution among ad agencies and other selected businesses to gauge potential support.

Advertising agencies are said to regard the publication as one which falls across several established market profiles.

Prototype ... limited distribution to gauge support

Included in this broad market area are publications such as *Time* and *Newsweek*, the *Listener*, *National Business Review* and the Australian *Bulletin* and *National Times*.

Fraser says the paper will be aiming for institutional advertising. Sales were already meeting targets, he said.

Ian Fraser ... sees gap in the market

A Heylen study commissioned to woo advertisers shows the most likely readers will be those in households with incomes in excess of $15,000 and with an average income of $21,337.

The Nation promises to deliver the answers to what it terms two key questions: "What's going on in New Zealand and the world?" and "Why is it happening?"

It will draw on the *New York Times*, *Christian Science Monitor*, *Asian Wall Street Journal* and the *London Sunday Times*.

Fraser, who will be associate editor as well as continuing with his TV commitments, will be responsible for co-ordinating foreign news and domestic features.

Thirty-six pages is the aim for each issue, although this is likely to be thinned down over the Christmas-New Year holiday period which might result in publication being suspended for a week or two.

The front 12 pages will concentrate on domestic current affairs and news. "We are aiming to break news," Fraser said.

Critics who can be found in every pub in Wellington where journalists drink wonder why *The Nation* is choosing to launch in November with Christmas only a few weeks away.

"If we hold off, we will hold off forever," Fraser said.

Staff — four journalists including Fraser — have been given six-month contracts on terms sufficient to lure them from well-paid jobs on *The Dominion* and *Radio New Zealand*.

At the end of six months, the paper's prospects will be reviewed.

"We hope that in a short time we can make ourselves indispensable to the reader," Fraser said.

If not, it will follow its countless predecessors, — including a Labour Party publication of eight years ago of the same name — into the libraries of collectors of New Zealand memorabilia.

INL leases troubled Concept Video to Auckland group

by Rae Mazengarb

AN Auckland group, Video Workshop Ltd, will take control of the activities of the Independent Newspapers Ltd subsidiary Concept Video Ltd.

INL managing director Alan Burnet announced last week that agreement had been reached in principle with Video Workshop governing director A J Tyler to lease the Wellington-based television production house.

The business would be conducted from the beginning of this month by a new company to be known as Video Workshop 1980 Ltd which will operate facilities in both Wellington and Auckland.

Financial details are confidential but INL will retain ownership of Concept Video's assets, leasing them to Video Workshop 1980 on a long-term basis.

The new company will take over all Concept Video's existing business but the 18 staff employed by Concept may not all be offered employment with the new company.

Concept Video has performed badly ever since it was acquired by INL in 1978 and for some months the industry has been expecting the newspaper group to divest itself of the troubled company.

Dogged with management upheavals culminating in the "retirement" last month of general manager Mike Munc, Concept announced at the same time a scaling down of operations — a move suggested by observers in the industry many months earlier.

Those same observers were talking about losses in the region of $400,000, though Burnet told *NBR* some weeks ago they were not that high.

Burnet was unavailable for further comment last week and INL group administration manager J W Cronk declined to comment when asked how INL would benefit from the leasing arrangement and why a full sale — as expected by some members of the industry — was not completed.

A former employee of Concept Video's Auckland competitor, Vidcom Ltd, Tyler has been operating his own commercial video production house in Auckland for several years.

Regional development

It's all happening at Marsden Point — but the far north is suspicious about development

by Sue McCauley

ACCUSTOMED as it is to a third world image, Northland wears its new coat of "developing region" a little uneasily. "Potential" is the word of the moment. Developers use it with confidence, conservationists with apprehension and school leavers with scepticism. But there is, almost throughout the region, a palpable sense of energy. Things are happening.

In September 1978 the Northland Regional Development Council and Regional Planning Authority combined to produce *The Northland Regional Resources Survey* — a weighty and comprehensive study of the area's resources and proposed directions for development. In the two years since some of the key objectives outlined in the survey are at least on the way to being achieved.

But some Northlanders are nervous that what poses as progress may come closer to pillaging.

People in the more Northern regions suspect that the significant development will be centralised in the Whangarei region.

Suspicion of centralisation surfaced at local body level in April this year when the Northland Regional Planning Authority was replaced, despite opposition from county councils, by the Northland United Council. (A wider objection to the United Council scheme was the implication that the Government was renouncing financial responsibility for regional development. In its first year the Northland United Council is expected to exceed its ratepayer-contributed budget of $85,000 by almost 50 per cent. Despite some Government-funded schemes, Northland nurses the feeling that any progress is despite national and Governmental indifference.)

'And, so far,' the most dramatic development plans are centred firmly in the Whangarei area. It's all happening at Marsden Point.

Preliminary planning has begun on the New Zealand Refinery Company's $500 million oil refinery expansion scheme. (The $500 million loan from a 20-bank European syndicate is said to be the biggest ever taken out by private enterprise in this country.) February 1984 is the projected date for the extended refinery to be in operation and the New Zealand Refining Company has talked of employment of up to 1500 people. The company recently bought 10 $40,000-plus homes in the Whangarei area, bringing its total number of houses owned there to 19.

It has been estimated that the New Zealand Refining Company and Forest Products have, between them, spent some $1.5 million in Whangarei in the past few months.

Marsden Point is also the planned site of Northland's forestry port, and consequently the site proposed for Forest Products $150 million pulp and paper mill. It is scarcely surprising therefore that Whangarei's growing air of confidence is reflected in rising property values — particularly residential — and a diminishing availability of commercial premises.

The forestry port still awaits a final go-ahead and the delicate matter of how and by whom the estimated $26.6 million project should be funded has yet to be resolved. The possibility of ownership or lease by private enterprise, such as the timber companies, has been mooted. The region is nervous of being landed with an amenity which has no assured long-term future.

Forest Products has hopes that it's pulp and paper mill could be operating in 1985 — but that is conditional on the success of the company's tender for the Aupouri State Forest thinnings. It has been claimed that a Canadian entrepreneur connected with a company called Jay-Pee Exports Ltd has also tendered for the same thinnings. Loss of the tender, Forest Products claims, could delay the mill's operation for a further three years.

With all this multi-million dollar excitement, smaller events like Whangarei's new money-printing factory and plans for the extension of the natural gas pipeline from Auckland to Whangarei seem almost inconsequential.

Parochial interests in the mid and far north, having lost out on their hope of a more accessible timber port site, may be in part mollified by Northern Pulp Ltd's stated intentions of establishing a pulp mill in the mid north — site as yet unspecified. The company has quoted employment figures of 300 to 500 in planting and mill operation once the project is completed.

The timber boom is at once Northland's greatest hope and its greatest fear.

In an area suffering chronic unemployment, forestry is the only industry likely to provide substantial numbers with employment, particularly in the more remote areas. Last year Northland had 49,000 hectares in exotic forest (over half of it privately owned). The Forest Service planning division has foreseen this expanding to 143,000 hectares by the turn of the century.

Sensitive to conservationist pressures the Forestry Service takes pains to point out that the present exotic forest area is only 5 per cent of Northland's land area; that kauri felling is selective and small-scale (although there are no restrictions on private milling of kauri); that only reverted land and non-arable farmland is being planted; that research has shown that pine forest can in fact beneficially restructure poor soil; that the terms of leasing Maori land have become more flexible; and that trees are able to cheerfully withstand the notoriously erratic extremes of Northland's weather.

But so far the strongest opposition has not centred on strict conservationist issues but around the pulp mill proposals. Forestry for pulp and pulp production, it is argued, requires a comparatively small labour force, and the long-term export prospects for pulp production are uncertain. Another worry is road damage from logging vehicles and who will meet the repair costs.

There is also suspicion of big business/multinational control. Northland's natural resources have been exploited — originally by the gum diggers, later by match-box farmers. Some see the timber boom as another hand in the region's almost-empty cookie jar.

There are, of course, less contentious areas of development. On the east coast tourism is still a bright hope. The completion of Paihia's sewage scheme has heralded a rush of tourist accommodation extensions and building applications. Of the proposed new motels one has been okayed, one is "in the pipeline" and a third is subject to appeal. Three more tavern licences have been allowed, and the popular Waitangi Hotel has been among those to enlarge their premises. Haruru Falls, just inland from Paihia, is sharing expectations of a long and lucrative summer.

Kerikeri is awaiting the impetus of a different kind of water distribution project. The Ministry of Works' $11.3 million irrigation project (jointly funded by the Government and growers) is well under way with the first of two large dams scheduled for completion in April. The scheme will serve an area of 3000 hectares. Dairy farms within its range are being subdivided into horticultural units.

Since the kiwifruit boom hit the north, horticulture has been a word with magical overtones. Interest in diversified and experimental horticulture has been intense.

The Whangarei area is well on the way to becoming a centre of sub-tropical fruits. Private, DSIR and DAF-assisted experimental projects are under way. In the far northern Maori community of Te Hapua an experimental community project is growing pineapples and other tropical and subtropical crops. In mid-north Okaihau two syndicate ventures have set up macadamia nut farms and a third such farm is rumoured. The present properties total around 200 hectares and plans include processing facilities.

Frost-tender tamarillos have become widely popular with east coast growers but, as yet, serve only a local market. Kerikeri's traditional citrus growers are also facing the need for an efficient marketing and distribution system and an increase in local processing facilities — at present confined to the citrus juice factory at Moerewa.

The west coast's answer to horticulture is milking goats. Five years ago Molly Hamilton of Kerikeri was Northland's pioneer goat farmer. Now the region claims to be the biggest and most viable area in the country and the only place operating a co-operative of any substantial size. (25 suppliers with an average herd size of 60 milking goats.) The milk powder is marketed by Healtheries — last season's price to suppliers was a gratifying $4.80 per kilo.

Goat farming is still a learn-as-you-go operation, but those going into it now have the benefit of five years of experience and experimentation by others. On the grounds of their yeild-per-acre and ability to survive on rough land (although production is markedly better on good pasture) goats are seen as the big hope for many otherwise uneconomic units, in depressed areas such as the Hokianga — but not yet — as a final solution.

"At present," says mid-north farm advisory officer, John Bryant, "many of the people going into goats are dependent on an extra source of income — teaching, hospital work or whatever. If these sources of work dry up these people who have — most of them — energy and enthusiasm will be forced to sell up and leave. It's happened before."

In some areas nature provides the means of small subsidiary incomes; the gathering of agar, picking of tuatua (pippi-like shellfish); eel-catching, small boat fishing. (Fuel costs have cramped larger fishing operations but Pacific Oyster farming is now an established business, and the region participates in mussel dredging in the Kaipara Harbour although mussel farming has been hampered by local objections.)

The *Resources Survey* saw cottage industry as something to be fostered in the more remote and depressed areas. And to some measure this may be done by the Northland Craft Trust, a venture initiated by potter, Yvonne Rust in the hope of assisting and encouraging Northland's scattered craftsworkers. The trust, with some assistance from the Government and regional development funds has been experimenting successfully, with local clays and flax as raw materials. But the trust faces those endemic Northland problems of vast geographical spread, suspicions of centralisation, and lack of money.

One of the urgent objectives set by the *Resources Survey* was the creation of 1000 jobs per year — particularly jobs suitable for school-leavers. Northland has the will to develop, the ideas, the — dare I say — potential, but not the money.

Enter, the forestry companies.

Overseas trade

Mission sets ends without means

A NUMBER of captains of industry and agriculture who joined Prime Minister Rob Muldoon on his "economic mission" to Mexico have returned to New Zealand almost dancing to the strains of mariachi music, so enthused were they at prospects outlined to them by officials and private enterprise in Mexico City.

But some New Zealand and Australian businessmen who have been operating in the area for many years are more sceptical about the group's chances of making headway without official representation.

Australian Bill Grace has been operating out of Mexico for several years.

He says it is naive for New Zealanders to believe they can crack a system that has been operating for the last two decades without:

- Patronage;
- Strong liaison in the country — either in Mexico City or in the north-eastern industrialised Monterrey, home of the five most powerful families in the nation.

Grace says the Mexican Government is keen to forge closer relations with New Zealand if we can prove there is something in it for them. But he questions whether the impetus which began with the Prime Ministerial visit will be maintained without on-going communication on the ground from the day the New Zealanders returned home.

Along with other observers, he maintains that much of the business conducted in Mexico is tightly controlled by a tiny elite at the top of the social scale. They are supported by a larger clique in Government and business who tend to carry out their duties in circumstances that assure a cut for themselves and their superiors.

These are the people with whom it is essential to maintain an on-going dialogue, Grace says.

A New Zealand national is needed on the spot to bridge the gap until some form of official representation is appointed.

Mexico City-based importer-exporter Ron Ivory, a New Zealander, shares some of these sentiments, although he is not critical of the way business is conducted in Mexico.

He does question what he sees as a lack of enthusiasm among some New Zealand Government officials to create a liaison post in Mexico City.

Ivory had many years of experience in the wool industry in New Zealand before he moved to Mexico City with his Mexican wife and set up what has become a booming business, exporting woollen goods and ceramics and importing light machinery and wool from Australia.

He says he has approached our diplomatic posts in Washington and New York with proposals to act as a go-between in Mexico City.

He has also written to the Trade and Industry Department in Wellington and top Government men, outlining what he is prepared to do.

Ivory says he is not chasing titles or money. He says that, as a New Zealander, he wants to see us doing business on the ground in Mexico and would like to help as best he can.

He points out that the Australian trade commission in Mexico City has been flourishing and has generated considerable commerce in the last four years.

It is little use depending on trade representation out of Washington, Ivory says. Sporadic visits from there have little impact and — he claims — Mexicans will not make the effort to get in touch with the Embassy or officials in Wellington to check out hiccups in communications.

Ivory maintains that the Mexicans will soon lose interest in negotiations that have to be conducted in English, not in Spanish. This is a lesson Americans are learning and one that the Australians never had to be taught. Most of their mission speaks Spanish.

The managing director of McConnell Dowell Construction, Malcolm McConnell, quickly picked up the message, as did some others, in the New Zealand party.

But there seemed to be a surprising lack of interest among the Government trade officials.

The Prime Minister says a permanent trade office will be set up in Mexico City when trade grows. Ivory and others argue that trade will not grow at the rate we are hoping for unless there is a stop-gap to bridge the vacuum and liaise on programmes discussed.

Mexico City . . . lack of enthusiasm to create trade post

Computer colour map aids market research

NEW software developed by Australian computer research scientists enables national census statistics to be displayed as zones of colour on a video-screen.

Displays of such census statistics and related data can indicate the most suitable locations for retail outlets, the suburban areas presenting the best potential sales for selected commodities and what kind of advertising and sales promotion would be appropriate for certain districts.

Within seconds of tapping a few instructions on the keyboard of a mini-computer, the operator can generate a colour pattern covering a metropolitan area. The colour picture resulting from this selection of data, sub-division and colours, makes interpretation of otherwise complicated statistical tables as easy as reading a map.

The software has been developed by a research team at Australia's Commonwealth Scientific and Industrial Research Organisation. Operating on a mini-computer and an advanced image display system, it converts reams of statistical information stored on tape into colour values within associated geographical boundaries, such as local government areas, postcode zones, or census collector districts.

Computer mapping systems have many industrial and commercial applications, offering management a fast and effective way to review information for decision making.

CSIRO's Cyber 76 computer acts as a host facility for the colour-mapping system installed at the Division of Computing Research.

The network analyses and models data from large statistical data bases, and formats it for entry to the colour-mapping terminal. It also stores geographic data bases and prepares boundaries for access by the terminal.

The research team is now establishing a special interactive, colour-mapping system to develop software for more general use.

The special system comprises a PDP 11/23 mini-computer display unit and a 48-cm colour TV monitor. The CSIRO is evaluating colour-camera units and matrix printers for generating "hard copies" of maps appearing on the screen.

The software has been designed so that users with little knowledge of computer systems can produce maps easily, while experienced operators will be able to generate more complex displays.

Further development of the software to enable special maps to be included in the geographic data base and to provide more complex statistical analyses and displays is planned.

Development of the CSIRO software will avoid the need for Australian firms to attempt to develop the software themselves. The CSIRO colour-mapping software could be made available to interested parties for installation on a range of systems: the user's existing computer system; a stand-alone colour-mapping system that would include a mini-computer and display unit; and an "intelligent" colour-display terminal that would be connected to a host network.

CSIRO is currently exploring licence arrangements with companies to develop and market the software. Potential users will be able to purchase a system within 12 months

Backs to the wall

ACCORDING to the National Institute of Labour Studies, Australia's self-employed have their backs to the wall and are working longer hours for less money than wage and salary earners.

This is a dramatic turnaround from the position in the late 1960s and early 70s when the self-employed grossed an average of about 1.5 times the average wage and salary earnings. On a brighter note, however, the institute suggests that 1980-81 looks like being a better year for everyone, with inflation rising by not much more than 9 per cent.

In a review of the labour market, the institute notes that in 1979-80, the average pay of wage and salary earners was A$229 a week, while the gross average business income of the self-employed was A$226 a week.

Although only a marginal difference existed in terms of gross earnings, it is argued that when allowance is made for depreciation, interest and third-party insurance, the average personal income of Australia's self-employed slumps to a little over $A171 a week.

Conceding that the self-employed work fewer hours now than a decade ago, the institute says nevertheless the self-employed still work longer hours on average than their wage and salary counterparts.

Many recent recruits to the ranks of Australia's self-employed, it says, might better be described as "refugees from unemployment" earning only very modest incomes which are dragging down the average for the self-employed as a whole.

Local incubator firm hatches US licensing contract

by Allan Parker

DATAMEDICAL, the Wellington company whose revolutionary baby incubator was rejected by New Zealand medical authorities, has just completed a licensing deal with a United States manufacturer.

As part of the deal, the company is supplying the Atlanta-based paediatric equipment manufacturer with two of the incubators and principal Paul Martin arrives in Georgia tonight to help familiarise the American staff with the equipment.

The Premicare incubator, which won Martin a UDC Inventor of the Year award, was rejected by Waikato and Wellington Hospital boards when they were re-equipping new wings.

Now, says Martin, the United States deal has proved that "we have got high technology that's usable and saleable".

"But it is a great pity that this was not recognised in New Zealand. We have been trying for many years to get the technology recognised in New Zealand so we could establish a manufacturing base here.

"But if we are to survive, we can't wait any longer. We have to go overseas."

Martin recently returned from the United States with the licensing agreement in his pocket. "We wrote it on the spot," he said.

Essentially, the agreement means that the American company, Healthdyne Incorporated, has secured manufacturing and marketing rights for the United States. But the technology factor – the computer system that has been developed by Datamedical to be incorporated into the incubator – will be supplied from New Zealand.

"We'll be doing the printed circuits under the agreement," Martin said.

"It's basically what we were hoping for, an on-going contracted research and development programme for the manufacture and export of high-priced, high technology with low freight."

Healthdyne has indicated that a minimum 200 incubators will be sold to the United States market over the next two years, according to Martin. Returns to New Zealand for just the computer system component could be up to $200,000.

As well, Healthdyne is to pay an up-front fee for the licence agreement.

The Americans manufacture a range of infant-care monitoring equipment including respiration, heart-rate and so on. The Premicare incubator has filled a product range gap.

They have recently acquired another United States company that makes portable incubators. The Datamedical electronic system has been designed to adapt to this equipment and Martin hopes there could be another market for the product in this field.

Datamedical product . . . high technology proves saleable.

As part of his trip this week to Atlanta, he will be examining potential research and development projects that could be undertaken by Datamedical in New Zealand.

The Wellington company is also awaiting replies from two British firms regarding possible licensing agreements for the European market. Martin expects to hear from them before Christmas.

He also hopes that the recently-signed agreement with the United States manufacturers signals the end of "a long, hard struggle" to get the incubator accepted in medical circles.

The rejection of the incubators by the two local hospital boards was a major blow to the small company. Their orders represented the major opportunity for large-scale penetration of the New Zealand market but both boards opted for overseas equipment.

The Datamedical development programme has received substantial financial and managerial support from the Development Finance Corporation.

But, like most small companies, lack of finance from other sources has been a continuing headache for the Wellington company. This was particularly problematic, Martin said, because of the long lead-time involved with the development of the computer technology.

He also feels a general lack of understanding about such technology is hindering his own company and others committed to research and development programmes.

Home-grown *Handbook* tops demystifying tomes

by Jack Hodder

READ any good books lately? Chances are that they would not have been legal tomes. Such works tend to be very large, very severe and afflicted with thousands of footnotes and an exorbitant price tag. A cynic might remark that this keeps up with the mystique of "the law" and the fees of its practitioners.

If our cynic (who is, of course, not necessarily to be identified with the present writer) is even partly right, this is an unhealthy state of affairs. Ignorance of the law is no excuse; and we inhabit a country and time where there is a lot of law about.

But, just recently, there have appeared three substantial but readable books which go a very long way towards breaking down the mystique and making the law available for non-lawyers.

The cheapest, most recently published and almost certainly the best value for money is an entirely home-grown work, Tim McBride's *New Zealand Civil Rights Handbook* (Price Milburn/Butterworths, 641pp; $15.50 papercover).

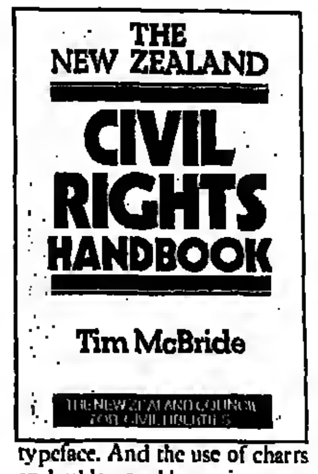
McBride, who recently took up a senior law lectureship at the University of Auckland, also wrote the earlier (and much slimmer) *Civil Liberties Handbook* but the new volume represents a major metamorphosis.

The *Handbook* is published at a price that represents a truly remarkable feat of publishing economics. The wide circulation that it should achieve ought to dispel the misconception that "civil rights" is merely a slogan used by stirrers. The range of the topic is indicated by the *Handbook's* chapters: Police powers; drugs and alcohol; legal aid and advice; appearing in court; prisoners; mental patients; hospital patients; public order; censorship and secrecy; privacy; the SIS; workers; tenants; immigration and citizenship; children; women; marriage; Ombudsmen; Bills of Rights; and UN Human Rights documents.

McBride deals with his topics in clear and readable prose, explaining both the law and the practice and referring to the relevant legislation, court decisions, and departmental publications. The chapter on police powers, for example, quotes extensively from police standing instructions, gives advice on what to do when confronted by the police, (for example make full notes of the incident as soon as possible), as well as setting out the law and highlighting those areas where the law is uncertain and/or is in need of reform. It will be interesting to reread that chapter in the light of the imminent British Royal Commission on Criminal Procedure report.

There are few critical points to be made against the *Handbook*. An index and hardcovers would have been useful. Something on the right to vote might have been expected. And the second edition might usefully feature an improved chapter on legal services and a more imaginative layout.

Layout is a feature in which the second book, Reader's Digest's *Family Guide to New Zealand Law* (576pp; $29.95 hardcover), excels. The two column format makes for easier reading, as does a finer



typeface. And the use of charts and tables enables quite complex matters to be conveyed in a commendably short and useful fashion.

The *Family Guide* is only partly home-grown. The consultant editor is the Dean of the Auckland Law School and a number of the named contributors teach there. But the book was "edited and designed" by Reader's Digest Services Pty Ltd in Australia.

The language of the *Family Guide* is very readable and its contents are conveniently divided into 10 major sections: Machinery of the law; your rights; your home; your family; your money; your job; your business; your social life; your car; and crime. The sections on money, jobs and business provide valuable introductory reading for any would-be entrepreneur. And the advice on what to do when dealing with banks, insurance companies, and drivers who collide with you seems eminently sensible.

But there are a number of signs that the book was conceived in some country other than New Zealand.

Why else would it solemnly advise about changing headlights when coming to a foreign border? Or describe Ombudsmen as Parliamentary Commissioners? Or advise about suing policemen for damages for assault? (Suing anybody for damages for assault has been curbed as an almost accidental by-product of the Accident Compensation Act 1972.)

(One omission which comes to mind is the ancient but active cause of action for enticement of a spouse. It rates no mention in either the *Your Family* or the *Your Social Life* sections. But *NBR* readers can now consider themselves warned.)

The *Family Guide* covers a very wide range of topics and is thus vulnerable to the fact that law is constantly changing.

Bills now before Parliament are likely to require major revision of the sections on family proceedings, shop trading hours, liquor sales and credit contracts (to mention only a few) before the end of next year. And there is no promise, as there is with the *Handbook*, of updating by means of separately published supplements.

The third book on the law written with non-lawyers in mind is the *Oxford Companion to Law* (1366pp; $60.50 hardcover). It is a splendid volume but, as the largest and most expensive of the three by a clear margin, the circulation seems likely to be limited. It must be required reading for anyone who aspires to be a judge or a politician — and for many others with healthier aspirations.

The *Companion* is edited by the Regius Professor of Law in the University of Glasgow and exhibits the common sense, dry wit and lack of insularity associated with the law of Scotland (and often lacking in the English law which has been visited upon New Zealand). It comprises a fascinating array of facts, concepts, cases, definitions, summaries and biographies drawn from past and present and from most parts of the globe.

As a reference work, the *Companion* deserves a place on every civilised bookshelf. For lawyers, it succinctly and accurately summarises important points of English law and also those troublesome and not quite dormant Latin maxims (not to mention the comparative law entries).

For historians, there is material from landmark American Supreme Court decisions to the "Reception" (of Roman law into northern Europe).

For the complete executive, the *Companion* offers the opportunity to climb back on equal linguistic terms when some expensive lawyer justifies prolonged inactivity with a Latin phrase or two, or to cite a weighty authority to the shop steward to the effect that Marx's economic views are "unsound but have been influential".

The variety of the *Companion* makes it a superb volume for the casual browser. From "dooms" (old Scottish term for judgements) to "gentleman's agreement" (one which ends in each party *calling* the other no gentleman) to "women, status of" (in Sparta they had equality and independence but in Athens they were secluded at home, had few rights and were treated mainly as mere housekeepers), to obscure judges (Lord Loughborough . . . turned his coat so often that no one trusted him). No New Zealand judge rates a mention.

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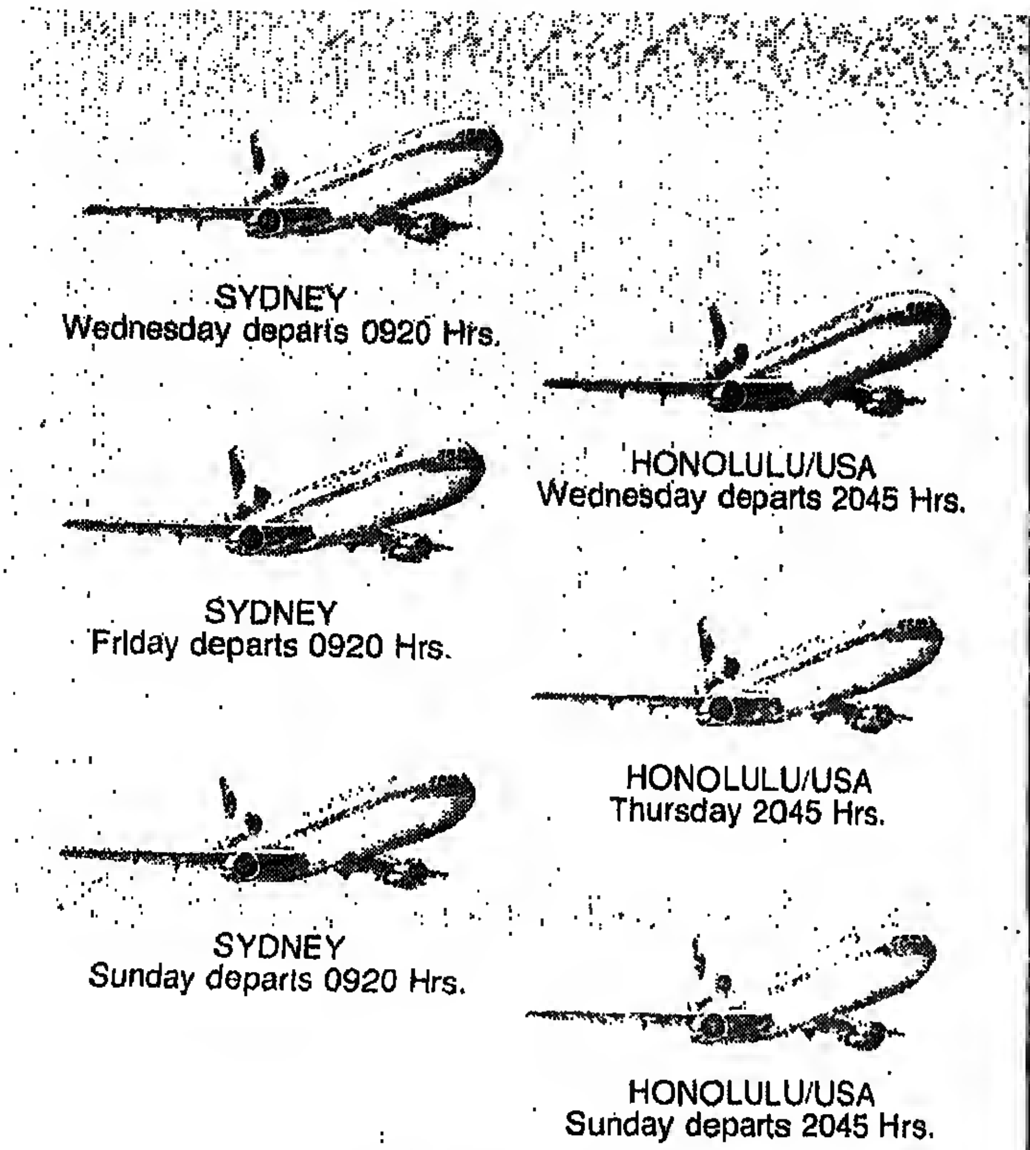

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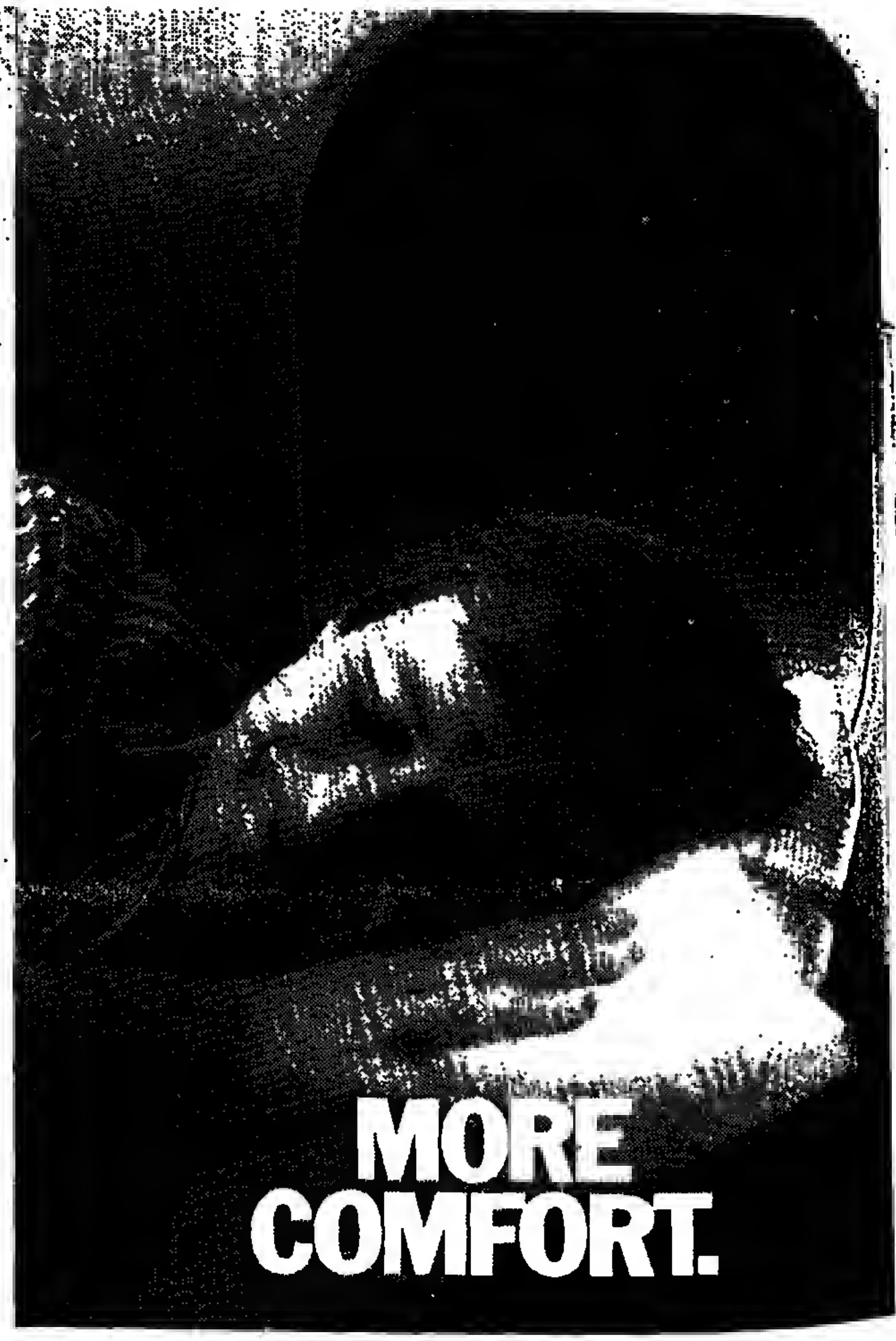

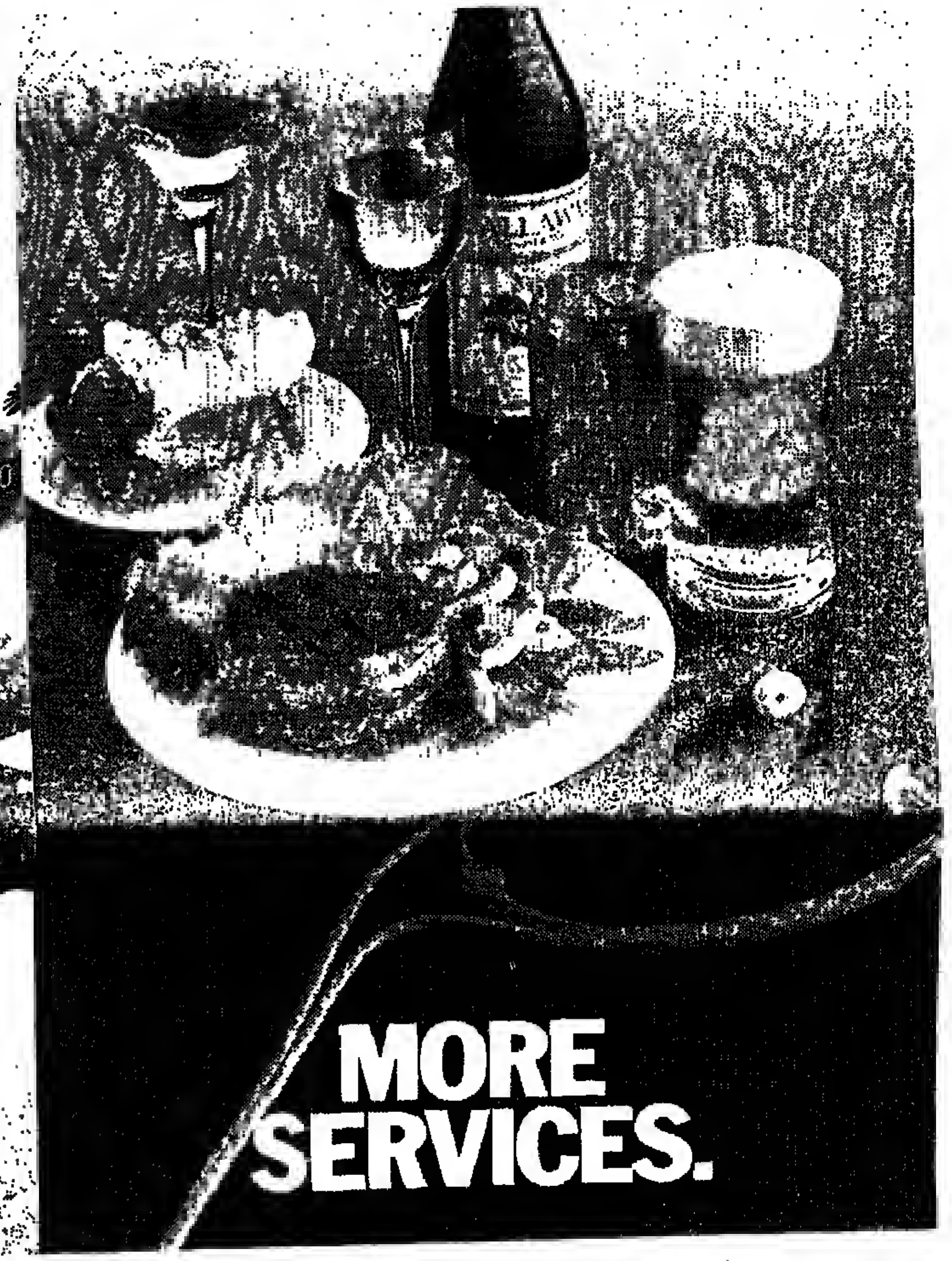

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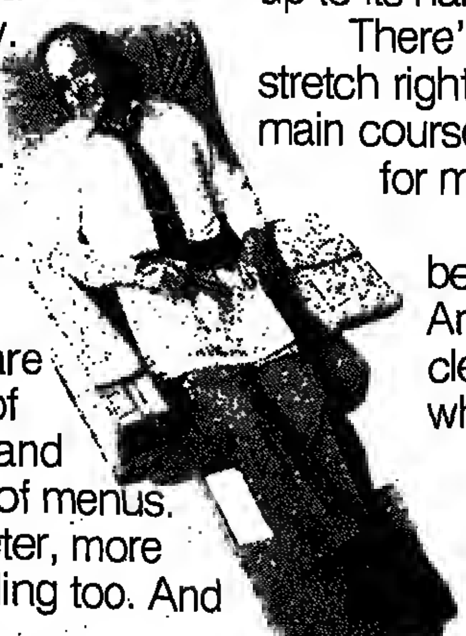

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Tripartite talks vital to restructuring – professor

by Gordon McLauchlan

THE Western World is not in the throes of a recession, says Britain's Professor Bernard Taylor; it is facing a long-term economic structural change – a decade in which there will be lower growth, fewer jobs, continuing high inflation, the destruction of certain industries, more competition from the Communist countries, from Japan and from some of the fast developing nations such as Singapore.

Central to the problem of restructuring is tripartite communication among government, industrial management and trade unions; and public debate to ensure that as many people as possible are aware of the choices available.

The problem is massive and urgent, says Taylor.

"We see life in very stark terms at the moment and I only wish I could convey the sense of crisis we have in Britain and in the United States."

He believes New Zealand must identify the sector in which it has advantages for natural or historical reasons, then aim for small sectors of markets overseas that can be served best, rather than try for major sectors of a world market.

Those industries which are not yet competitive but have potential should be sheltered to the point where they can look after themselves in an international competitive environment.

Those industries which will never be able to compete should be protected with subsidies and import taxes until they can be gently phased out.

It is a matter of identifying priority industries and priority regions, then calling for tripartite communication and, if necessary, government support in planning development, says Taylor.

If New Zealand opted for a free market situation with barriers lowered against imports "the danger is that the Japanese will come streaming in".

"The last thing you want is a dogmatic approach," he says. "What you want is a pragmatic attitude based on the realities of the situation.

"You have strength in food processing, and in timber processing. You should be world leaders in thermal technology. You have strength in sheep breeding and rearing. Where ever you have these advantages you should plan and develop.

"I believe Fletchers is building houses in Iraq because you have systems for building houses in timber that are in advance of anyone else's – so you have a world market."

Taylor is Professor of Business Policy at Europe's oldest management college, the Administrative Staff College, Henley-on-Thames.

He came to New Zealand for a three-day seminar organised by the New Zealand Business Planning Society.

Tall, articulate, enthusiastic, the professor spent the last session of the conference talking with Auckland industrialist Brian Picot, Trade and Industry assistant secretary Geoff Datson and union leader Rod Trott in what turned out to be an examination of the New Zealand scene.

Afterwards he told *NBR* that industry in Western countries doesn't have much time. "The development of new industries will not happen spontaneously. There's got to be an awareness, there's got to be a commitment, there's got to be an input from government, industry management and workers. There has to be planning. I'm talking about the need for Capitalist planning."

There were social and historical attitudes against planning to be overcome in many places but "even in the United States they are reluctantly admitting the need to plan for energy".

He believes the rate of development is also important: "The speed of change is so dramatic that if you are to take an opportunity in the international marketplace you have to bear in mind that everyone else is motoring ahead toward that opportunity too. I believe you have about five years to gear up for international competition in any sector of the market or the whole future of that operation is at risk."

Any suggestion that development should be left to a free market is avoiding the truth that there are no free markets, says Taylor.

"The idea that an Adam Smith free market is going to return is a myth – a politically useful myth, perhaps – just as the idea that a change to the Eastern European strategy of nationalisation is also a myth," he says.

What must be accepted is that government, industry and unions all have great power and "we have to find a way to get together sector of industry by sector, region by region, to talk about how to create jobs, how to make the necessary changes to create jobs.

"We have to get the unions involved in productivity circles in productivity drives. Change is not something government can do behind closed doors, or something management can do unilaterally, so we must find ways to take the unions along with us."

Taylor cites the progress made in Ireland over recent years. Ireland will create 30,000 new jobs this year, its workers are now higher paid than their British counterparts, it has the biggest single concentration of Japanese investment in Europe. And American firms in Ireland were twice as profitable as American firms in the rest of the world during the five years to 1980.

The huge success of Irish industry has been attributed to the Industrial Development Authority which the *Sunday Times* in London has described as "a peculiarly Irish mixture of state planner and entrepreneur".

In the course of one project, the IDA sought six American software companies it wanted to attract to Ireland, sent an employee over to woo them, enticed all six to go and visit, and has now won agreement from four of them to establish there. The IDA guarantees 10 years of tax free profits for export business, a £7000 grant for each job approved in new overseas industries and about £6000 for new jobs approved in home industries.

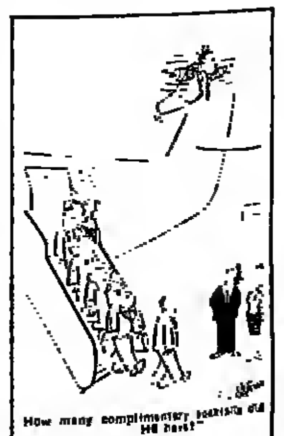
This kind of consensus planning has helped change an industrial backwater of a few years ago into a fast-developing and reasonably prosperous nation, says Taylor.

He suggests there are many parallels between the Irish economic background and New Zealand's.

Restructuring – "I hesitate to use the word because it has a certain connotation here" – is not as difficult in an economy the size of New Zealand as in a country with 60 million people.

"It's more like Ireland or Denmark where you can move quickly. You just have to find small niches in world markets. But unless you do move you won't be able to afford the standard of living or the level of social services you have grown accustomed to."

And the consequence of that, says Taylor, is "disillusionment".



How many complimentary biscuits did he have?

Corporate trouble-shooters plan for productivity

by Rae Mazengarb

FEW companies possess the corporate planning tools that operate in structures such as Fletchers and Challenge.

Large companies have the skills and resources to devote to planning but smaller firms cannot justify the cost or commitment of an in-house planning team.

Wellington-based Marketing and Business Management Limited, incorporated in July last year to fill the planning gap, offers a wide range of management skills without the on-going commitment to an underutilised full-time planning staff.

The people behind MBM, a subsidiary of Heylen Research, are corporate trouble-shooters. They can be brought in to businesses for the specific purpose of identifying key problem areas and formulating corrective action.

Managing-director Kelvin Willis and his consultant planner, Charl Pienaar, would argue that description falls short of explaining their work in the wider field of corporate and marketing planning.

They see the neglected planning tool as the basic instrument of business – the recipe for improving profitability.

The marketing function has become more complex and sophisticated and now requires more refined analytical and diagnostic techniques.

"Corporate planning isn't a technique but a complete and systematic approach to running a business", they say in their brochure.

"Under it the future implication of every decision is evaluated in advance of its implementation. The company clearly defines what it is trying to achieve and goals and standards are set to measure progress".

MBM sees itself as able to provide small companies with an integrated planning service without the necessity of getting involved in the internal workings of those companies.

Willis is cautious not to suggest that his company is the only one offering such a service (he admits there is competition from others in the marketing-management consultancy business) but he believes MBM has a much more specialised type of service.

Referring to the many groups involved in the narrower marketing sector, he says: "We are in planning. We believe we must understand the whole environment, otherwise we can't develop the right strategy."

The emphasis, he says, is outward – the relationship of the company to competitors, the consumers and the economy; the relationship to advertising and market research.

"Our role is complementary to the client and the (advertising) agency," says Willis. When it comes to market research, the company can assist the client by providing a more definite input.

It can interpret consumer behaviour and develop active plans based on information gathered.

"We focus on the practical results, not the theory as such."

MBM has already developed a significant client base, including groups such as the Goodman Group, BP, the Dairy Board, BCNZ and Marac Finance.

Willis started off the business when he left the Goodman Group, where he had worked in a corporate development role. Retaining the work with the Goodman Group as his first client, he switched from being an employee to a consultant.

"I saw the opportunity of using (the planning) skills in other industries."

Pienaar teamed up with Willis this year for the company to extend its range of work.

Involved in economic research for a number of years, working with professional accountants in London and later research manager (with a marketing slant) for the Motor Corporation, Pienaar – like Willis – was fascinated by planning.

Their energies focus on planning on each of three levels:

- Corporate development or strategies;
- Product positioning and brand strategy;
- Project management and feasibility proposals.

It might seem curious that BP would require outside planning help but Willis said that even large companies which have their own planning people often need to buy in outside help. It might mean a short-term commitment to a management skill to solve an immediate problem.

To some extent specialists in the business of tying resources, Willis and Pienaar say they identify problems in an existing business and look outside, perhaps to a completely separate industry to provide the answer.

"We link the two," says Willis – in such a way that the two groups can work on a venture together. The two parties, using the resources of both, can be more effective in concert and the strengths of one can bolster the weaknesses of another.

The Fletcher-Challenge-type move will formalise such a partnership, but Willis and Pienaar say they are not in the business of acting as the catalyst for mergers and takeovers. They are simply talking joint ventures, bringing companies together to reduce risk and cost.

MBM has focused on resources – food, finance, shelter and energy. It sees future growth concentrated in those areas.

It is looking at big and small companies as potential clients though Willis' personal preference is for the bigger and what he sees as more satisfying and challenging companies.

Heylen's Sid Jensen says MBM can provide Heylen's clients with a more integrated service, interpreting the results of a survey and compiling a plan for the future.

He says Willis' information – gathered from numerous secondary sources – is much wider than the information gathered by Heylens. And if a client requires market research, it can be commissioned.

Jensen points out that MBM does not have access to Heylen files, although a client can instruct Heylen to release previously commissioned material to MBM if it chooses.

MBM will have a presence in Auckland inside 12 months, but Jensen believes the company should not grow too large.

In five years, he says, he hopes to see a small group of dedicated people offering to the business community all the sophisticated techniques which one associates with corporate and marketing planning.

"The thing that attracts me to the concept is that an outside consultant is not involved in the internal politics of the (client) company," Jensen says.

An outside consultant is independent of the firm, able to suggest options without worrying about his position or career with the firm.

Tourism

Bad omens for long-haul travel traffic aggravate the crisis facing local tourism industry

by Gordon McLauchlan

THE New Zealand tourism industry is facing the most serious crisis in its history.

The industry is leaderless and in disarray. It has consistently fallen below growth targets since 1975. Long-term prospects are for further decline.

Accommodation and tour operators in the South Island are bleeding financially as Australian holidaymakers continue to go elsewhere in the world, and as New Zealanders head off to Australia or North America.

Air New Zealand is losing around $2 million a month, and continues to be plagued by morale problems and diminishing public esteem.

Not one of a number of tourism leaders challenged my claim that the industry crisis is acute and likely to persist in the absence of leadership.

The increase in the number of Americans holidaying here over the past several years has helped avert a complete disaster as Australian interest has fallen off. More recently, there has been growth in traffic from Japan folowing the inauguration of services between Tokyo and Auckland by Air New Zealand and Japanese Airlines. But, this growth is from a low base, about 4 per cent of all visitors. A large percentage of passengers on JAL leave the aircraft at Nandi, holiday in Fiji, and return direct without ever seeing this country.

Overall, the tide is running against long-haul travel. The traffic is holding up from the United States, according to airlines in the North American route. Reports from the United States say travellers to all foreign destinations have been consistently down by more than 5 per cent on 1979 — so tourism interests here are flinching for the worst as the peak season approaches.

The omens for long-haul travel are all bad. The cut-rate fares, being used as weapons by airlines over the Atlantic and across continenral America, cannot last as the major carriers face mounting losses. Continually increasing fuel prices, inflation-hiked accommodation costs, worldwide political unrest and the nagging depression in the United States have all contributed to falling passenger traffic. Four major American airlines have reported massive traffic drops for September 1980 compared with 1979: United Airlines down 21.8 per cent; Braniff down 21 per cent; Western down 16.4 per cent; and American down 15 per cent.

In the long-term, the prospects are little better. The cost of jet fuel per American gallon was 20.59¢ in 1973. It is now well above 80¢, and forecasters agree that it could reach something like $2.50 by the end of this decade. Already the fuel cost, as a component of direct airline operating costs, has risen in seven years from 11 per cent to 25 per cent, and it is still rising.

New Zealand is long-haul from every sizeable market except Australia. A meeting of tourism companies' chief executives was held in Christchurch a few weeks ago in a bid to co-ordinate promotional activities in the Australian market which has traditionally supplied two-thirds of the New Zealand visitors, and now sends only half. Past performance of the promotional drive in Australia suggests it will come to nothing.

Tourism is a ra-ra-ra industry which keeps up a fun front because fun is what it is supposed to be. But behind the hype, individual travel people are depressed at the fragmentation and lack of leadership.

Few industries have quite as many small components as tourism, and this generates small gusts of self-interest, blowing up storms about whether the tour bus should stop outside this souvenir shop or that tearooms. The result has been disunity and dissension.

But, if the small components must be left to fit themselves into the larger New Zealand tourism scenario, the major components like airlines, hotel chains, transport firms and resort operators, badly need direction.

The report of the Tourism Committee of the National Development Conference brought down in May 1969 recommended that: "Continuous and effective planning is a prerequisite to successful tourist development. It is recommended that a high-level tourist development council be established to act as an advisory and co-ordinating body and to review progress towards achieving targets and recommend any measures necessary."

The recommendation was that the Minister of Tourism, the Travel and Holidays Association and the steering committee of the National Development Conference should be consulted on the precise form of the new body to oversee the development of the industry.

A tourism development council was set up. It limped into oblivion.

Since then a succession of investigations, reports and strategic plans have been undertaken — and mostly ignored by a succession of ministers without Cabinet clout and by a Tourist and Publicity Department fighting for its existence.

The department has been threatened with extinction on several occasions over recent years and has suffered some dismemberment at the hands of the State Serices Commission. It has accordingly lost attraction as a career avenue for public service administrators, seeking advancement through transfer, and for its own, young employees. There is still the threat that the department's trading operations will be killed off under a National Government.

The next strategic move came with the setting up of a Tourism Advisory Council in the mid-1970s. It issued a set of targets and recommendations to Government in 1978. None of these targets have ever been met and none have been revised, leaving the industry with an obsolete set of projections on which to plan ahead.

The Tourism Advisory Council's existence downgraded the National Travel Association as an advisory body to the point where it is no longer taken very seriously by anyone except its own members. The Auckland executive members of the association are largely unknown to veteran travel people in the city, so they are largely ignored.

The Tourism Advisory Council recommended its own perpetuation in its 72-page report released in November 1978 but suggested "the emphasis of its work should now shift from a broad review of tourism to enable it to undertake more specific tasks, coming within its original frame of reference, and including:

- A continuing review and reassessment of targets and performance;
- The monitoring of tourism promotion and marketing in New Zealand's important tourism markets;
- The development, in consultation with the industry, of marketing strategies of benefit to the industry as a whole;
- Assistance to the industry in achieving intra-industry co-operation and consultation on particular aspects of marketing, promotion and development."

It also recommended a range of other activities including regular advice to the minister.

But, in its turn, the council seems to have gone into recess. One of its members had difficulty recently remembering the name of the chairman. He said the council was overwhelmed by a sense of importance in the face of government inaction.

Another investigation towards the formation of a strategic plan has been mooted following a chain of events bordering on the irrational.

A Dr Abarham Pizam, an American academic working in Auckland, told the National Travel Convention in Rotorua earlier this year that the industry has for too long had too many committees, conferences and reports about the state of the industry — but the results have not been properly implemented. This was greeted by applause.

"What the country needs," he said, "is a plan of action to be undertaken by the industry, not the Government."

He then offered, on behalf of the Auckland University Management Studies Department, to undertake a research programme for the industry — for $50,000.

Although Dr Pizam was emphasising the need for a marketing strategy with slightly different emphasis from earlier plans, the difficulty of implementation by either the Government or the industry remains. So what Dr Pizam seemed to be saying was that there have been too many plans not implemented — so let us prepare a better plan, and worry about implementation later.

The detailed project submission by Professor Brian Henshall of the Management Studies Department has since been circulated and evoked little enthusiasm, but the money was eventually raised and the project will go ahead with every prospect of filling another filing cabinet.

It is clear from the university submission that time, work and money by sectors within the industry will be called for at a time when the private sector is already embattled.

Probably because of the diversity of self-interest, the travel industry has never produced an outstanding, unifying leader.

By far the largest component is Air New Zealand — since the take-over of NAC the biggest registered company in New Zealand. In some ways, it has provided leadership as instanced by the consequences of the resignations earlier this year of the Aviation and Travel Industry Training Board's chief executive officer, David Bassett, and the executive training officer, David Hicks. The resignations and the subsequent difficulty in filling the vacancies seemed to be another symptom of disintegration within an ailing industry.

The executive training officer's job has been filled part-time by a senior Air New Zealand personnel executive, Grant Lilly.

But, despite this kind of leadership, Air New Zealand's commercial interests are understandably, often enough, inimical to the interests of the domestic tourism industry. They have carried more New Zealanders out of the country than visitors back in and not long ago made heavy profits out of taking Australians to the United States by the thousands.

Most of the powerful travel companies make more money from taking New Zealanders away than by bringing tourists in.

When the present Tourism Minister, Warren Cooper, was appointed he appeared enthusiastic enough and seemed to grasp that the major airlines were a powerful sector of the industry and had to be considered part of the tourism whole.

There has been substantial disillusionment with him for two reasons. One has been his public stance — that New Zealand has passed the $200 million mark in tourism earnings of overseas exchange and this encouraging growth points to good things in the future. The humblest office clerk knows that figure has barely kept pace with inflation, that there is in fact no growth in the overall holiday market at the moment and has not been all year.

The other reason was his berating of the Travel Agents Association of New Zealand for pushing overseas travel, and not promoting New Zealand to New Zealanders, for not selling travel within the country in the national interest.

A member of a Government which capriciously slaps a 5 per cent tax on domestic air travel, and which endlessly expounds free enterprise and yet allows only 5 per cent commission on domestic air travel and 10 per cent on international and then berates agents for seeking profitable business . . . well, he provokes only sneering cynicism. Whatever happened to incentive management rather than government by direction?

As free-market fervour spreads through the National Party like a virus, a possible solution is a part-Government/part-private enterprise organisation of the type being mooted in the United States and the United Kingdom.

A bill has been put before Congress in an attempt to replace the government-funded United States Travel Service with a Tourism Institute funded half by the Government and half by the private sector. Its fate is difficult to predict at this time, but a similar suggestion has been made to replace the British Tourist Authority.

Such a move here might help solve the predicament caused by the reluctance of a newly fervent free enterprise Government to be seen to be involved in "socialist planning".

With the possible demise of the trading arm of the Tourist and Publicity Department, the construction of such an organisation would be cleaner than previously possible and it would give added responsibility to the private sector for its own fate.

But so far no such move has been mooted in this country.

In the meantime, there does seem to be some consensus that, with the prospects for long-haul tourism not good, a renewed bid should be made for Australian holidaymakers specially from up-market travellers. Traditionally, New Zealand has aimed for the more affluent groups from other parts of the world but has accepted the youth market and cut-price coach-tour visitors from Australia — the two groups around which the South Island tourist conduit was built.

The problems of trading up across the Tasman are manifold.

The formula recommended by the Tourist Development Conference a decade ago was that promotional expenditure should be about 4 per cent of overseas exchange earnings from tourism. It is understood that Australia spends roughly that much. New Zealand's spending worldwide, this year, will be less than $3 million by the public sector, or less than 2 per cent of earnings. It is unlikely that private sector spending will lift it beyond 2 per cent. (This does not include Air New Zealand spending which must be matched against its own overseas exchange earnings.)

Another problem is that Australia's affluent population can afford to go further afield and may well have been here anyway. According to research, the Australians are inclined to put off a New Zealand visit because they know it's always here.

Worse still is the current New Zealand image in Australia. Says one industry leader: "To Australians we are on the verge of living out of soup kitchens. The way they see us is poor, living in the midst of a crime wave with drug dealers in a big way and Polynesians on the rampage.

"No one wants to visit a depressed country. The contrast is something special because they used to think of New Zealand as the land of milk and honey — too quiet, maybe, and sedate but the land of milk and honey nevertheless. Now we have the image over there of an impoverished nation."

There is some good news:

- Tourist and Publicity is planning a big media push in Australia this summer, spending $400,000; and is making special efforts to co-ordinate the private sector to sell New Zealand as a product and not just conflicting segments of it;
- Air New Zealand and Qantas will be heavily promoting trans-Tasman flights to arrest declining loads — but that will work both ways;
- Continental Airlines has opened its trans-Tasman service and has already started a strong advertising campaign in Australia;
- The relationship of Australian and New Zealand currencies may be starting to discourage Kiwis travelling over the Tasman, but it must be beginning to make this a more attractive destination for Australians.

What are the national needs? Ask 50 different tourism operators and you get 50 different answers. But there does seem to be some consensus on:

- Identification of the best markets and adequate promotion there;
- A study of the convenience and cost of transport within this country, specially through the tourist conduits — Auckland/Rotorua; Christchurch/Queenstown.
- Concentration on adequate development where it is needed;
- An increase in the professionalism of service.

The whole transport problem is a vexed one.

The high cost of cars and petrol (mainly because of Government taxes) makes the popular fly-drive holiday costly in this country, and internal air fares can devastate anyone's holiday fun money.

More important for the fu-

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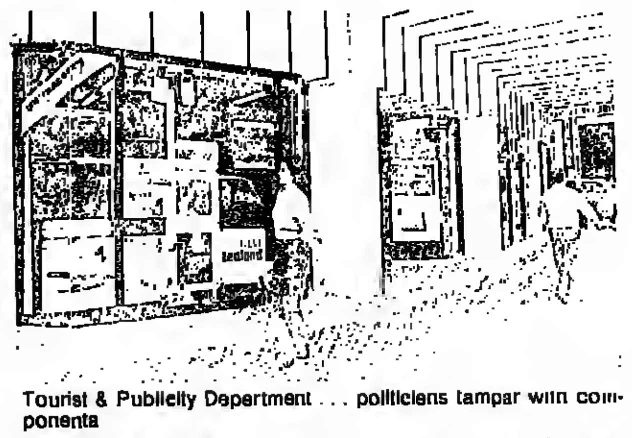


Tourist & Publicity Department . . . politicians tamper with components

Tourism

Capital could provide a solution

Continued from Page 33

ture than anything else is the recognition that tourism is an industry you construct. Pacific Harbour in Fiji is an example of the creation of a major resort where previously there was nothing.

It is on the wrong side of the island for weather, and development has been excessively costly. But, apart from the millions spent on the villas, the hotel and the golf courses, the owners have recently spent $7.5 million on a shopping and cultural complex. It has covered ways and covered boats because of the rain but it attracts thousands of visitors a year.

The standard Japanese holiday is two days at the Hotel Regent and two days on Mana Island (both on the western side of the island) and then two days at Pacific Harbour for golf and indigenous culture. The Pacific Harbour pulls them right across the island for two days.

Other countries have used capital to build a tourism industry. Japan and the Philippines are examples, and Fiji has shown more understanding of this than New Zealanders who have wanted to build a complete industry solely round mud pools, geysers and snow-capped mountains.

American entrepreneurs would, by now, have Maori restaurants (with hangis for dinner), Maori pa hotels with Maori staff and some of those gifted Maori entertainers. Rotorua is an ideal site for some of these resort projects, but why not Auckland too?

The requirement is capital and there is no doubt that there is an intense and growing competition for capital resources in this country among the new energy and metals companies, farming and forestry. Tourism will have to fight for its share. It can only do that with leadership — and that it does not have.

It is worth noting that about 60 per cent of the tourist plant in Fiji is owned by Australian and New Zealand interests. So the capital may be more readily available if the incentives are right. Singapore and Japan are known to have interest in investing capital in New Zealand tourism plants.

While development will depend largely on attracting overseas tourists with money to spend, economic viability will be enhanced by attracting the New Zealander's leisure dollar.

New Zealand has too much rain in its warmer regions to try to duplicate the kind of resort that Hawaii and Fiji can provide — but what about Waikiki? If everybody in that area went to the beach every day along the Waikiki strip, the island would probably tip over. The main attraction of the Hawaiian holiday is the crowds and the ambience. New Zealand needs to manufacture her own.

But if capital is sought to build aluminium and energy projects to create jobs and relieve unemployment, then capital could more reasonably be sought for tourism — a far more labour intensive industry.

If the Government was serious about creating work for the unemployed it would attend more to tourism development than it does.

The Philippines set about creating tourism a few years ago, with the main motivation that it was the best way to reduce unemployment. Other nations have done it as well. A formula, for example is that one first-class hotel bed creates one job.

The question is whether the Government or the ordinary New Zealander really take the prospect of a major industry seriously, or whether they regard it as something alien to what they misread as the ruggedly individualistic Kiwi character.

When the subject of tourism development was raised 40 years ago, Prime Minister Peter Fraser is said to have rejected it with the retort: "What do you want to turn us into — a race of Swiss waiters?"

Perhaps that is the reason why the courtesy campaign took so long to get launched in this country.

Before tourism can surge in this country, something has to be done about Air New Zealand.

Five or six years ago attacking the national carrier was tantamount to savaging motherhood or pussycats. The airline was perhaps the country's most successful international commercial enterprise, and as a state corporation it was a symbol for those who claimed that private enterprise was not the only form of enterprise to succeed in the open marketplace. It was considered by many experienced air travellers to have the finest economy class cabin service in the world. Its engineering performance, air crew skills and safety record were undeniably first rate.

NAC also had a solid reputation for efficiency and friendly service.

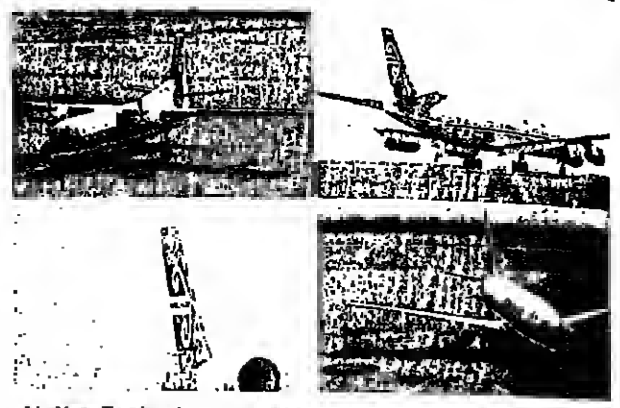
What happened?

Let's not diminish the airline's continued standing among many regular travellers. Magazines and travel trade newspapers round the Pacific still score the airline well.

But there is little question that the airline's problems date from the take-over of NAC two years ago. It was a hasty, arbitrary, furtive exercise by a supremely confident Air New Zealand management aided by a Government traditionally paternalistic and secretive.

The benefits or otherwise of combining the two airlines is an argument still going on and becoming increasingly futile, perhaps even stupid. It is done. It was ineptly done at the time, but the task now is to rectify the mistakes and make the merger work — even try and make it more of a merger than the take-over it undeniably was.

The whole exercise was a public relations disaster. The public relations people had no time to prepare a comprehensive plan for internal and external communication to convince the staff and the public that the joining of the airlines were a good thing.



Air New Zealand . . . a need for confidence

I broke the story of the proposed take-over in the *National Business Review* but nearly didn't run it because it was clear that NAC chief executive didn't know as much as I had learned from an Air New Zealand source.

It seemed preposterous that he didn't know. But it seemed obvious that the Government and Air New Zealand top management had decided that like any rape it was better done in the dark.

The secrecy and lack of any public relations planning has exacerbated and prolonged insecurities that would have been bad enough anyway if sympathetically handled.

When Pan Am took over National in the United States secrecy was impossible because the Americans don't like working that way.

But, even then, the airline hired a New York public relations consultancy to plan and advise on the staff and public implications of the take-over. It still has problems and made mistakes but did not make the obvious ones made here of not taking staff and the public into its confidence.

Morrie Davis . . . disdainful of public relations

Fred Dobbs . . . far-reaching associations

Air New Zealand's management does not, unfortunately, court understanding or esteem. And what has developed is an almost political relationship between the airline and the National Government.

Following the NAC take-over, the whole Air New Zealand advertising account, probably the biggest in the country, went to one firm — Dobbs Wiggins McCann Erickson whose chief executive is a longtime favourite of the National Government, and is a personal friend of Prime Minister Rob Muldoon and Air New Zealand chief executive Morrie Davis.

Dobbs has deep and far-reaching associations with the Government which culminated recently in the appointment of his agency to conduct the National Party's election campaign for 1981.

One result seems to be an increasingly political stance by Davis. Recently, in reply to legitimate opposition questioning about airline staff increases since the take-over, he was reported as saying that productivity had increased, adding contemptuously: "I gather some people expect us to wave a magic wand. I think the results are pretty good without resorting to magic."

All of which is unfortunate because previous chief executives of the airline have managed not only to stay aloof from party politics but also to appear to do so.

Unfortunately, Davis is disdainful of public relations and the need to communicate freely and openly with the media and the public. The airline advertises that it's "your airline" but it is more secretive than most private corporations.

Davis is the most powerful man in the New Zealand travel industry.

His brilliant analytical ability to get to the nub of a problem, his stamina and decisiveness are universally admired.

His lack of social skills and inability to get the willing best out of people in a service company within a service industry is almost universally regretted.

Air New Zealand's problems have been compounded by bad luck. The difficulties surrounding the image of the DC-10 and the unreasonable grounding of the aircraft last year, the tragic loss on Erebus, last year's sudden heavy rise in fuel costs, the international recession, which has caused declining traffic, have all come at the worst possible moment.

Then there is the difficulty caused by the inability of the airline to shed staff because of the powerful PSA. While seriously troubled airlines overseas cut costs by shedding staff, Air New Zealand must hang on to them.

This, in turn, has affected its public image. People who are declared redundant — and New Zealand's unemployment is now about as high as America's — know that Air New Zealand does not drop staff whose average income is twice as high (at $19,400) as the national average wage.

It seems there is a strong case for new leadership within the travel industry, and new leadership within Air New Zealand.

The time for talk about tourism development is over. A set of firm decisions about development needs to be made.

The time for lamentations about the so-called Air New Zealand merger is past.

It needs to be made to work and the staff and public need to be encouraged through sound public relations, heartily endorsed by management, to help make it work.

Air New Zealand's re-equipment programme will cost around $400 million over the next decade — probably a good deal more if the New Zealand dollar continues to drop in value. If tourism in New Zealand is to be allowed to fail by default, the economics of this heavy capital outlay on aircraft, simply to defray the loss of overseas exchange on fares, by New Zealanders travelling abroad, becomes questionable.

It is to be hoped that for the sake of fuller employment on tourism plant and on the staff of a newly confident Air New Zealand, the Government will take some interest in the development of a thriving tourism industry.

Japan tourist nosedive

THE earnest, welcoming editorials have been written, the tourism industry's hurrahs have only just died away — and suddenly observers have realised that the new direct air service between Tokyo and Auckland may have the effect of reducing the number of Japanese visitors to New Zealand.

The arithmetic goes like this: Just over 17,000 Japanese came to New Zealand last year and nearly 6000 went to Fiji. The route of the JAL (twice weekly) and Air New Zealand (once weekly) services is through Nandi.

The combined seats available from the two airlines total around 21,500 — or about 1500 fewer than the actual number of arrivals at the two destinations in 1979 on two-airline routes through Sydney, Honolulu or Hong Kong.

Now the rub is that the direct service has a special low fare not available for passengers moving through the old two-airline route they used before the direct flight was available. People who want to come here or to holiday in Fiji wait until they can get a seat on the new service at the lower fare — or perhaps they go somewhere else. And

Direct service . . . but drop in numbers

yet there are enough scheduled service seats to make the use of charters impracticable.

That's the theory. And it appears to be working out in practice.

The twice-a-week JAL service started in early July.

Tourist and Publicity Department statistics just released show that the number of tourists from Japan for the month dropped by 45 per cent compared with July 1979 and the grand total of visitors from Japan (including business people and those visiting friends or relatives) dropped 21.7 per cent. In July last year, JAL brought in a series of charters.

Books

Writers evolve a New Zealand brand of humour

by Gordon McLauchlan

RONALD Hugh Morrieson hailed from Hawera, died there in obscurity in the 1960s, yet was the most imaginative, original and funniest writer New Zealand has ever produced.

At last his books may be coming into their own.

Morrieson wrote four novels in his lifetime — *Scarecrow*, *Came a Hot Friday*, *Predicament* and *Pallet on the Floor* — and two short stories — *Cross My Heart and Cut My Throat*, and *The Chimney*.

The first two novels were published in Australia by Angus and Robertson and the author enjoyed a brief vogue across the Tasman where the books were well received.

New Zealand virutally ignored him. Heinemann Educational Books released *Predicament* in the mid-1970s, followed by Dunmore Press with *Pallet on the Floor*.

Despite the unstinted and well publicised admiration of fellow novelist Maurice Shadbolt and a number of critics, these two novels did not do well commercially. But a cult following for Morrieson developed; and now the work of the man with the most unlikely background in New Zealand literature is getting the kind of treatment that will give his memory the status it deserves.

- Penguin is planning to publish *Came a Hot Friday* and *Scarecrow*;
- A film based on *Scarecrow* is in preparation and should be released some time next year;
- Film rights for *Came a Hot Friday* are being negotiated;
- A dramatised documentary on Morrieson's life is being made for television;
- A biographical and critical book on the novelist is in preparation for the *New Zealand Authors* series from Oxford University Press.

The raw material of Morrieson's life should make the documentary a riveting programme.

He was born in Hawera and raised there. He went to Auckland University, stayed a couple of days and returned to his home town where he lived with his music-teacher mother. He was a musician and became a familiar figure in dance bands round the Taranaki region.

Morrieson never married and did not long survive his mother. He became a heavy drinker and could never quite understand why he was well received in Australia as a writer and ignored in New Zealand; why authors like Shadbolt and others who read his work became *afficionodos* and pushed hard for his recognition, yet no one here would publish him in his lifetime.

While he lived a fairly restricted life in Taranaki, his imagination flourished in the most extraordinary way. His books are full of highly imaginative and bizarre humour, of mayhem and the macabre.

The memorable first sentence of *Scarecrow* reads: "The same week our fowls were stolen, Daphne Moran had her throat cut".

1982 could the the Year of Ronald Hugh Morrieson, and his books and the films based on them and his life, may command attention in Australia too.

Next year will be significant for humour. Longman Paul plan to reproduce the yeasty and grisly David Ballantyne book, *Sydney Bridge Upside Down*.

And by then, Maurice Shadbolt's latest work *The Lovelock Version*, should be firmly established with a growing following. For the first time, Shadbolt tried his hand at ribald, full-blown comedy built round the stuff of New Zealand history. In the manner of an American best-seller of the 1970s, *Ragtime* by E L Doctorow, Shadbolt has real figures of history weaving through a story which has some of the orotund, near pompous humour of Pickwick. It is an adventurous book, something of a gamble. It starts badly, self-consciously, talks about itself in a Victorian *Dear Reader* manner that tends to obtrude too much for my taste — but it does come off.

For the reader who stays with it, *The Lovelock Version* becomes more and more consuming. It stays in the head. I think it may well become a New Zealand novel that is remembered beyond almost all its contemporaries.

The Lovelock Version is not only a continuation and variation of a New Zealand humour that has flowered over the past two decades, it is fleshed roundly and warmly with what I can only call New Zealandness. It was released this month by Hodder and Stoughton.

Whitcoulls a winner

THE race among publishers for the first Erebus disaster book is well and truly over. Alister Taylor won by months with *Whiteout* by Michael Guy. Whitcoulls will come second with *Flight 901 to Erebus*, and Penguin has withdrawn.

But in the long-term, the Whitcoulls book, written by Christchurch journalist Ken Hickson, will be the winner. I've read the page-proofs and felt so enthusiastic I offered, and sent, an endorsement. It will probably be released this month in hard covers and Whitcoulls' decision to stay out of the race and concentrate on producing an authoratitive and enduring account of the tragedy was undoubtedly the correct one.

Whiteout was a professional piece of journalism, aptly in paperback, and tells the story well enough as far as it goes.

But Hickson's is a meticulously researched, carefully constructed book which gives a full and expert background to Antarctic flying and aviation safety in general, to sight-seeing flights by Air New Zealand in particular, to the DC-10 as aircraft, to the people directly involved in the accident and the recovery effort, and it contains a step-by-step account of what actually happened on that fateful day.

Bibliography of kids fiction

AN historical survey of children's fiction in New Zealand, containing a complete bibliography, is under preparation by Auckland's Betty Gilderdale and will be published next year by Longman Paul. The book titled *A Sea Change* covers 140-plus years — from 1833 to 1978 — of children's stories about New Zealand by New Zealanders.

Penguin has announced it will select about a dozen titles from *A Sea Change* to publish under its Puffin imprint as the start of what Penguin hopes will become a *NZ Children's Classic Series*.

St Milt's spelt out gospel

THE true blue chip advocates of free-market capitalism adopt the stance that freedom and capitalism are interdependent, that you really can't have one without the other.

The major prophet of this philosophy at the moment is American Milton Friedman, winner of the Nobel Prize for economics in 1976. So he's written the economic gospel according to St Milt (with his wife Rose's help). *Free to Choose*, by Milton and Rose Friedman, has been selling strongly on the wave of born-again conservatism in the United States, where the paperback rights sold for $330,000, a remarkable figure for this class of book.

Penguin has bought the British rights and the book should be released here in paperback about February.

—His last words were of you, but being a gentleman, I can't repeat them!

Singapore

Singapore's unions giving women a push to power

by Rae Mazengarb

INCREASING numbers of women are holding top jobs in Singapore's energetic business world. A more recent development — the emergence of women at top levels of the trade union movement — is expected to ensure an even greater flow of women towards positions of power.

Throughout the tourist and travel industries — from the Singapore airline to the Tourist Promotion Board, shipping, journalism and the hotel business — women are taking on more aggressive, professional roles.

Women numbered only 100,816 (25 per cent) of a total workforce of 399,480 in 1969. In 1979, females constituted 33.6 per cent of a workforce of 1,018,328.

And now some 39 per cent of the 230,000 unionised workers are women.

The trade union movement is still largely male-dominated and "male-led", according to speakers at a recent Singapore Air Transport-workers' Union seminar for women.

After two days of deliberation, seminar participants recommended that the union initiate education programmes aimed at training potential female leaders to take up more responsible and top-level positions in the union to help deal more effectively with the problems peculiar to women members.

According to a report in SIA's house newspaper, *Outlook*, management was also urged to provide more courses for upgrading and retraining female members to facilitate horizontal and vertical job mobility where possible.

A recommendation that echoes slightly of our own Government's Maternity Leave and Employment Protection Bill was that, wherever possible, management should grant married female workers unpaid leave or part-time jobs for a period of three to five years so they could fulfill their duties as "child educator".

The women suggested the union condemn discriminatory practices by employers against female workers such as lower retiring age, and fewer opportunities for women to attend courses compared with their male counterparts. They also felt that sex and age specifications in job advertisements should be dropped — echoes again of developments closer to home.

One speaker pointed out that because some 27 per cent of SATU's members were women, it was time for more participation by them in the governing bodies of the union. He pointed out that there was not one Singapore woman among representatives on the Cabin Crew Works Council.

"I do not believe that this is because the Singapore boys are determined to monopolise these responsibilities. My suspicion is that the Singapore woman is simply not trying hard enough to get into the act," he said.

According to SIA group chairman Joseph Pillay, it is unusual to see women in top positions in the airline industry. But SIA's record was good, he said; women held more than 12 per cent of administrative and managerial positions.

SIA is experimenting in providing women with more promotional opportunities.

The airline is one of few which allow a female steward to control the entire cabin service in a B747.

SIA employs some six female engineers and 31 artisans, including apprentices and trainees. "There is much more scope in the technical and engineering fields, Pillay said — but women would not be admitted to the flight deck. "We are much too conservative an organisation to indulge in such experiments."

Women are working their way up through the ranks of the many government agencies in Singapore, where the criteria leans toward graduate status. They are involved in promotional and marketing activities for the airline, the Sentosa Development Corporation and the Singapore Tourist Promotion Board.

They are also involved in housing, fashion, publishing, exporting and a growing number of family businesses, where they hold directorships.

Confident young women like Evelyn Wee, Tong Suit Chee, Yuen Yu-Shun and Phoebe Soh are operating in the public relations area — where they seem to excel.

Woman . . . not admitted to flight deck

As public relations officer for the Singapore Tourist Promotion Board, Wee is the thorough professional during briefing sessions. With an impressive array of statistics at her finger-tips to suit any situation, she is prepared to be quizzed until the questions dry up.

Tong is her counterpart for the Sentosa Development Corporation's publicity and promotion unit.

Soh, public relations manager for the 464-room Century Park Sheraton Hotel, says the progress of women through the workforce has been particularly evident in the last five years.

Soh is forthright and single-minded, typical of Asia's new career women. But she admits the basic concept in Asia is still that it is a man's world.

While women are taking on a more aggressive role in the business world, that is by no means the case in the home. "It goes generations back," she says.

Her off-sider, Yuen Yu-Shan, agrees that in many cases their personal lives are divorced from business realities.

Soh points out that women are particularly good at managing interview situations, hence their success in the advertising and public relations fields.

Initially they can open many doors . . . "Men are susceptible . . . just dying of curiosity," she says jokingly, but adds more seriously, that the real test is whether or not they get the negotiations through.

Australian-educated, Soh has enjoyed a varied career. As a PR executive for a passenger cruise ship company, she attracted publicity when the cruise ship "Rasa Sayang" caught fire off the Malaysian coast with 750 people on board. Soh worked almost non-stop for 10 days as part of a "rescue" team, arranging hotel bookings for the stranded, getting passports back, booking flights, generating funds and ensuring all the information published by the media was accurate.

Setting her sights to bigger challenges she joined the Sheraton early in 1978, responsible for training staff, and organising the publicity for the opening that year.

She admits it is no joke to be in PR work: "Sometimes you get cosetted, other times you can be bullied."

The hotel has three women executives "We call ourselves the three angels." But when it comes to policies the person has to learn to adapt, learn when not to fight back.

"We're aware of the obstacles to the acceptance by Asians of women in management," she says.

Office equipment

Sexual snobbery limits direct computer interface

by Peter Isaac

WITH the exception of copying devices, office equipment can potentially be activated by someone operating a QWERTY keyboard. The problem is that roughly half the population refuses to touch the keyboard — the basis of almost all office machinery this century.

The problem was identified recently by Professor J Daniel Cougar, professor of computer and management science at the University of Colorado.

His visit to New Zealand was sponsored by office machinery producer IBM.

Professor Cougar noted that a huge proportion of the investment in modern keyboard-activated office equipment was lost simply because men insisted in going through the intermediary of women to work the equipment.

In the United States, he noted, it was just sexual snobbery over a man doing a woman's work that had virtually ruled out executives having direct interface with computers.

"You people here have a special opportunity to overcome this problem because of your comparatively recent use of online systems," Cougar said.

He commented that one of the main reasons why computers had not, in fact, diminished administrative top heaviness was simply because half the population refused to have direct interface through keyboards.

The notion of the keyboard as an essentially feminine instrument is, of course, dominant in New Zealand today.

There are, however, several key areas where keyboards have gone unisex. These are mainly in the armed forces and among the computer companies themselves.

The reluctance of males to operate keyboards stems from practical point that 90 per cent of men cannot manage even a hunt-and-peck on a keyboard.

Male executive . . . prejudice means that an intermediary is needed

"There is absolutely no reason why men cannot do keyboard training," stresses Elizabeth Hope, principal of Gilby's College, a Wellington secretarial school.

"The fact is that rather than have a well groomed man of 21 proficient with a keyboard, the majority of executives want a female at their beck and call."

As if to point up the male reluctance to interface with keyboards Gilbys itself runs courses only for women. The development of in house courses, especially by the banks and insurance companies has drained away the very few men who took the course.

The development of secretarial courses at technical institutes has also catered for the tiny handful of men in New Zealand each year who seek touch-type proficiency, she noted.

In the past the data processing staff, men and women, have all joined in together at the terminals, both men and women hunting and pecking in order to key-in crucial phrases or numbers that triggered the raftload of information they sought.

But the reluctance of men to acquaint themselves with a keyboard has become an even greater obstacle to successful computer use now that the division between traditional computing and word processing is becoming blurred.

Word processing, which does require keyboard dexterity, remains exclusively the domain of females, with the men in the traditional role of giving the orders or looking on.

It was widely believed some years ago that anti-sexual discrimination, specially in situations vacant advertising would gradually lead to a substantial blurring of sexual job definition.

Jim Rattray, managing director of Rattray Situations Vacant which specialises in clerical job selection, underlines the general attitude: "In 14 years of interviewing men for clerical types of jobs I don't think I have encountered even four men who have listed typing as one of their skills."

Interestingly, notes Rattray, "at least 25 per cent of the men who come to us seeking a clerical job can, in fact, type quite reasonably — they can manage a letter. But they don't believe it to be a skill that will assist them in earning a living."

Until women achieve proper executive status themselves and require some of those "well-groomed" males, it seems likely that hands-on keyboard ability will continue to be a taboo ability for most men.

Marketing

Organically grown crops attract healthy response

by Sue McCauley

Early in October Ro and Maureen Prior opened their Mother Earth Shoppe in Kerikeri – the only green grocery shop, to their knowledge, specialising in organically grown fruit and vegetables.

Initial response has been encouraging. The Priors get their supplies from as far as Whangarei, but don't demand absolute standards of "organic purity".

They encourage local home gardeners to bring in their excess vegetables and to describe their growing methods, which are then displayed for the customer's information.

Fruit, too, is often from home orchards. There are only two established organic commercial orchards in the Kerikeri area.

The shop is not just for the converted. It's there to convert, and to compete.

Customers are offered samples of fruit, since taste rather than eye-appeal is the criteria.

"It's like the free-range versus battery egg question," says Ro Prior.

"The experts insist there's no difference, but everyone who's eaten both knows there is."

The Priors are English-born. His interest in organic farming began when he had returned to England and was managing a 210 acre dairy and barley farm in North Devon; supervising spraying and fertilising programmes in the approved fashion.

One day he sat down and began to work out the cost of spray, application, subsidiary damage, equipment maintenance and so on. His calculations made the over-all profitability of the process seem doubtful.

He experimented with pedigree seed, closer rows and no spraying and was convinced it was the more profitable alternative.

He began reading up on old "unscientific" farming methods which were to become the basis of his subsequent farming techniques; the virtues of compost, the use of basic slag instead of artificial fertiliser, the principle of a "balanced" soil. ("A true farmer should be able to sense when something is out of balance.")

Returning to New Zealand, Ro Prior spent four years as a sales manager – a stint which left him with an interest in marketing – then returned to farming.

This time to an "organic" dairy farm in the Bay of Islands; a small herd of 55 to 60 cows, no artificial fertiliser, and garlic for drenching. Yield, he says, was high and incidence of disease low. But he contracted leptospirosis and they were forced to sell up.

Today they have 27 acres north of Kerikeri where they breed Clydesdales and have six acres planted in orchard (organic, of course). Plus the Mother Earth Shoppe, because the marketing need was there, and because more people are becoming aware of what may or may not have gone into what they are eating.

For Kerikeri's pioneer organic orchadists, Marjorie and Gerry Clarke, the shop is the first marketing outlet (home sales apart) where their product is valued for its "difference".

The Clarkes have had their orchard for 22 years. For the first 10 years they ran it by conventional methods, then they visited Findhorn in Scotland, the spiritual centre of the organic growth movement.

On their return they began to introduce the same principles to their own orchard.

The first three years, Marjorie Clarke recalls, were the most difficult. It took three years to build up soil fertility to the necessary level and before results began to show. They were three insecure years, because the fruit had to compete on an open market where appearance was all-important. A high proportion of the fruit was rejected.

Ten to 12 years ago there was no great interest in the health and organic food market.

"I feel for younger people who would like to go into natural growing," says Marjorie Clarke. "Our children were grown up, we were in a position to take the risk. But it's a hard thing to do."

Improvements came gradually. The orchard "settled down" to the biological changes.

Organic gardening is hard work based on a simple principle – "mulch, mulch and more mulch".

The Clarkes use a mixture of wood chips, fowl manure and grass clippings applied directly around the trees, which is easier than composting. (Although Marjorie Clarke retains their compost heap, even feels sentimental about it.) With time the skin blemishes on fruit lessened and the trees seemed to acquire an inbuilt resistance to disease.

The Clarkes found they could sell competitively on the market. "Woolworths have been selling our citrus. They don't care how it's grown, but they sell it."

And people began to search out the orchard, sometimes travelling from far afield. Perhaps for the pleasure of the visit as much as the produce, for it's difficult to dispell the sensation of "specialness" that seems to surround the seven-acre orchard.

The main crop is citrus – the trees interspersed with vegetables – but there are also banana trees and flourishing young macadamia nut trees. One half of the orchard is now "pure organic" and the other half still receiving some artificial nitrogen.

After 12 years the Clarke's have, in the Mother Earth Shoppe, an outlet where the customers are appreciative of their methods. And the growing interest in organic horticulture means that they are no longer obliged to maintain the "low profile" they felt it wise to adopt in earlier years.

But the insecurity of their chosen method of growing is not entirely dispelled.

"Gerry sometimes says we should go back to the other way," his wife says.

But you sense that they won't. It's more than just a livelihood.

"There seems to be so much more illness around today, don't you think?" Marjorie Clarke asks, with concern.

Up-market export beer adds froth to local sales

by Gordon McLauchlan

LION Breweries has set out to skim some of the froth off the top of the local beer market by putting on sale a brew that has proved a winner up-market overseas.

The company has just released its export Steinlager in new green bottles (to look better on restaurant tables) and in cans, which will go out from wholesalers from $16.50 upwards – a price which, for the size of the bottle or can, and for the strength of the beer (4.3 per cent by volume) will be competitive with imports, the company claims.

The beer which supersedes the old local Steinlager, is now the same brew that has won an international tasting competition in Washington three years in a row.

Because it is basically for export it has a longer than usual shelf life – six months instead of the four months for local brews.

Steinlager is the strongest brew Lion markets but not the strongest made in New Zealand.

Dominion Breweries still makes Tennents Strong Ale with an extraordinary 7.3 per cent alcohol by volume.

It is one of the strongest beers around but some "barley wines", produced in Britain are technically beers and can be as strong as wine – more than 11 per cent.

The brew now goes into the United States, Japan and the Pacific Islands. It earned over $1 million last year. It will be moved into Canada and Britain over the next few months (but will have to be under a new name in Britain because of a Steinlager on the market there).

It has to be aimed at the top of the market because of the cost of packaging in New Zealand.

And if you take to the new Steinlager, remember you won't get any money back on your empties. The new green bottle is non-returnable – or at least non-refundable if returned.

The reason: The volume is not expected to be high enough to pay for sorting and recycling separately.

"YOUR BLOOD PRESSURE SEEMS TO BE TIED TO THE DOW-JONES THIRTY INDUSTRIALS."